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LOS ANGELES COUNTY

ECONOMY AND EFFICIENCY COMMISSION

Joe Crall, Chairperson Robert J. Lowe, Vice Chairperson

December 7, 1988

George E. Bodle Gunther W. Buerk Jack Drown Dr. Edward H. Erath Louise Frankel Dr. Alfred J. Freitag Manuel A. Gallegos Chun Y. Lee Abraham M. Lurie Lauro J. Nerl Arthur J. Peever Dr. Doris K. Seward Daniel M. Shapiro Randolph B. Stockwell Wally Thor **Betty Trotter**

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APR 3 0 1992

UNIVERSITY OF CALIFORNIA

Dear Supervisors:

ROLE OF THE CHIEF ADMINISTRATIVE OFFICER DEPARTMENTAL STRUCTURE OF THE COUNTY

On May 10, 1988, on motion of Supervisor Schabarum, the Board of Supervisors asked our commission to report on

- opportunities for further consolidation created by the vacancies in certain department head positions,
- the effectiveness of the consolidation and systems improvement programs to date,
- appropriate changes in the role of the Chief Administrative Office.

Subsequently, during Board deliberations following the resignation of the Directors of Regional Planning and Data Processing, and during deliberations on Supervisor Schabarum's motion to separate Facilities Management and Personnel functions from the Chief Administrative Office, you referred those questions to us for inclusion in our review.

This is our report on those subjects. We focus particularly on the role of the Chief Administrative Officer and the Parks and Recreation functions. In our interim letter to each Supervisor dated August 1, 1988, we proposed to include the Department of



Hon. Board of Supervisors December 7, 1988 Page 2

Regional Planning in our review. We have no comment on the restructuring of Regional Planning at this time. We continue to study the question and will report on it in the future.

This report contains the following three recommendations. They are a further development and refinement of the recommendations on restructuring that we made and the Board adopted in 1983. They are:

Recommendation 1

We recommend that the Board of Supervisors separate the operational responsibility for the following functions from the Chief Administrative Office:

- Internal Services (Facilities Management, Communications)
- · Purchasing and Stores
- Data Processing

and define the primary role of the Chief Administrative Officer as that of chief of staff for the Board of Supervisors.

Recommendation 2

We recommend that the Board of Supervisors create an Internal Services Department by merging the following and appointing a single Director to manage the centralized functions:

- Internal Services (facilities, communications from CAO)
- Data Processing (from CAO)
- Purchasing and Stores (from CAO)
- Asset management (from CAO), together with
 - Small Craft Harbors (from Beaches and Harbors)
 - Aviation (from Public Works)

and, further, instruct the Director of Internal Services to develop a comprehensive asset management program for the County as a whole.



Hon. Board of Supervisors December 7, 1988 Page 3

Recommendation 3

We recommend that the Board of Supervisors consolidate the Department of Beaches and the Department of Parks and Recreation.

These recommendations are based on our findings and conclusions to date in monitoring the effectiveness of the County's reorganization programs, together with our assessment of current trends in business, industry, and government, the knowledge we have accumulated about the condition of the County and its programs, and the findings and recommendations of studies by consulting firms hired by the County for studies of related subjects since 1982. We did not conduct a new study for this work. We interviewed affected department heads, and, with the support of an outside consultant, studied the functions of Facilities Management, Parks and Recreation, and Beaches and Harbors. However, we have not returned to County officials for a review of our findings and recommendations.

We are convinced that the County can further improve its operational effectiveness and efficiency by implementing the three recommendations. All of our review of consolidation efforts to date supports the conclusion that consolidation not only leads to hard savings, but also to system improvement; the CAO has documented similar conclusions. We are particularly convinced that

the CAO should manage operations only on a temporary basis; the CAO can exercise appropriate influence over internal services through the EDP leader function and similar functions established to develop standards and policy for facilities acquisition and maintenance;



 the Board should establish a new assets management function to undertake a comprehensive review of the returns on investment in fixed assets and to plan for and execute new programs to increase revenue from the use of land, structures, computer systems, information, and other assets.

In our opinion, no further study is necessary. The same or similar recommendations have been made by several consulting studies and internal reports over the past several years. The real difficulty with the kinds of change we recommend is the same as it was in 1983. The changes are technically feasible, and can be expected to be beneficial. They are politically difficult. Department officials and the interest groups with which they interact fear structural change because they expect that the policy and priorities of the Board of Supervisors will also change. We think that the evidence supports structural change. The Board is elected to decide political questions. Thus, we submit our recommendations without regard for the political difficulty that might attend adopting and implementing them.

When our Commission adopted these recommendations at our regular meeting on December 7, 1988, several people addressed the Commission with suggestions and concerns. In particular, the Commission wishes to recognize the following concerns:

- that restructuring not result in a lapse of the Board's policy attention to consolidated functions,
- that current progress on information systems development not be disrupted, and
- that the new asset management function we recommend be evaluated as a potential new department, to report directly to the Board of Supervisors.

These issues are addressed in the report. The Board can



Hon. Board of Supervisors December 7, 1988 Page 5

and should maintain proper sensitivity to the community by retaining the following citizens' advisory groups in their current roles: Beaches and Harbors Commission, Parks and Recreation Commission, Beach Advisory Committee, and Aviation Commission.

We see no reason why current data processing efforts should be disrupted by the change we recommend. On the contrary, they will be enhanced. We intend to stay involved in data processing, since your request included reference to the future organization of data processing functions.

In the case of the asset management function, we explicitly agreed to the following qualifications:

- the asset management function is of such high significance to the County that it may be more properly assigned, once it is operating, to a new department reporting directly to the Board or to a department other than Internal Services;
- continued attention will be needed to the trade-offs between the public purpose of each property and its potential as an income-producing asset;
- it may not necessarily be desirable for the asset management function to manage each property directly, when the primary use of the property is to deliver departmental programs.

At our meeting we also discussed implementation and implementation timing. We believe the timing is right to separate service functions from the CAO's direct control. The County is about to enter its budgeting season for 1989-90. This is the most appropriate time to eliminate the conflict between the CAO's staff role and line operations. It is also appropriate to effect the consolidation of internal services at this time, since the



Hon. Board of Supervisors December 7, 1988 Page 6

Board can appoint a single individual to manage all of them, and to create an asset management function.

Finally, since the department head position for Parks and Recreation is vacant at present, we see no better time to effect the consolidation of Beaches with Parks and Recreation.

Therefore, we herewith submit our report and recommendations.

WE RECOMMEND THAT the Board of Supervisors

- adopt the recommendations in the enclosed report, and direct County Counsel and the Chief Administrative officer to propose ordinance amendments as needed to implement them;
- request that the Economy and Efficiency Commission continue its work on restructuring of County government, and report in 90 days on the status.

Very truly yours,

Joe Crail, Chairman

Joe Crail



ROLE OF THE CHIEF ADMINISTRATIVE OFFICE

AND

ASSET MANAGEMENT

IN LOS ANGELES COUNTY

A Report by

The Los Angeles County

Economy and Efficiency Commission

December 1988



REPORT ON

THE ROLE OF THE CHIEF ADMINISTRATIVE OFFICE

AND

ASSET MANAGEMENT

IN LOS ANGELES COUNTY

December 1988

Economy and Efficiency Commission Members

Joe Crail, Chairperson Robert J. Lowe, Vice Chairperson George E. Bodle Gunther W. Buerk Jack Drown Dr. Edward H. Erath Louise Frankel Dr. Alfred J. Freitag Manuel A. Gallegos Chun Y. Lee Abraham M. Lurie Lauro J. Neri Arthur J. Peever Dr. Doris K. Seward Daniel M. Shapiro Randolph B. Stockwell Wally Thor Betty Trotter Robert L. Williams Efrem Zimbalist, III



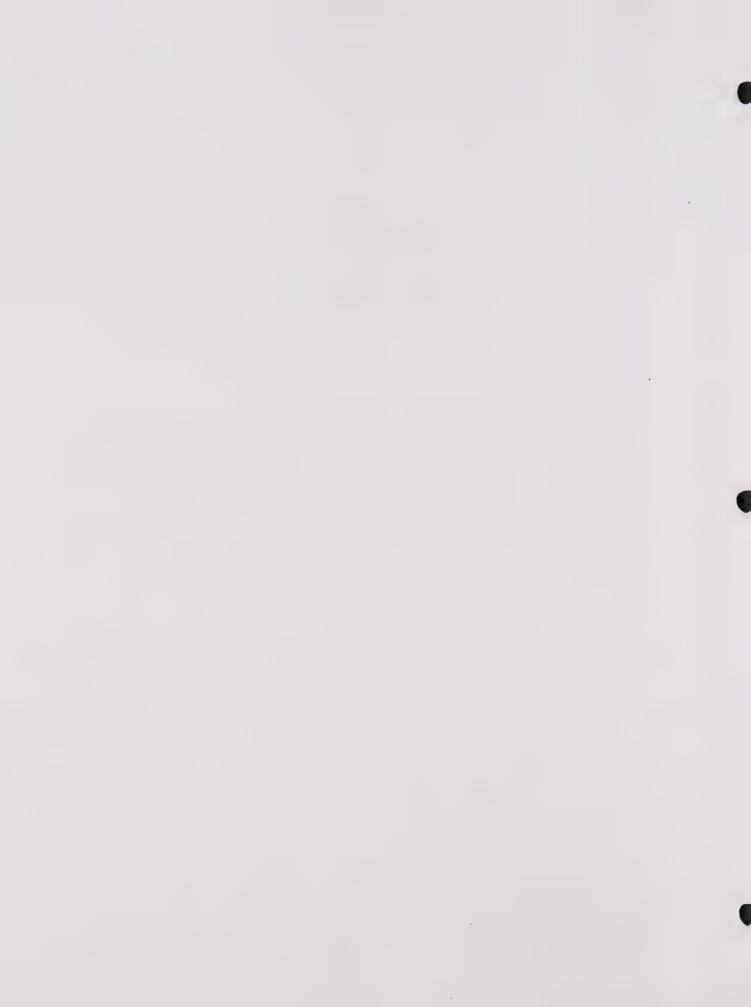
REPORT ON THE ROLE OF THE CAO AND ASSET MANAGEMENT IN LOS ANGELES COUNTY

STIMMARY

On May 10, 1988, on motion of Supervisor Schabarum, the Board of Supervisors asked our Commission to evaluate the current status of its reorganization programs, with attention to its recent actions affecting the role of the Chief Administrative Officer, current vacancies in department head positions, and the status of system development.

Regarding the CAO, the Board has appointed the incumbent as Acting Director of Facilities Management, Acting Purchasing Agent, and Acting Director of Data Processing, following vacancies in each of those departments. In addition, the position of the Director, Parks and Recreation, is vacant at present.

The relevance of vacancies to the County's reorganization strategy is this: If the Board is committed to realigning and consolidating County functions, then an appropriate time to evaluate the potential for realignment in any department is when the directorate is vacant. The vacancy eliminates the chance, too common in government, that a reorganization proposal would be



viewed exclusively as implying an unfavorable assessment of the performance of the department head.

Following study and review of the County's situation, we present three recommendations. Briefly stated, they are:

- sever facilities management, data processing, and purchasing and stores from the direct control of the Chief Administrator's Office;
- consolidate facilities management, data processing, and purchasing and stores into a single department reporting to the Board, and create a new asset management function as part of the new department.
- consolidate the Department of Beaches and the Department of Parks and Recreation.

Role of the CAO - The CAO is established and functions best as a staff officer to the Board of Supervisors. Managing line operations of facilities management, data processing, and purchasing creates a conflict between the staff responsibilities of the CAO to inform and advise the Board and his operating responsibility to deliver services. We evaluated alternatives, and recommend that the Board reassert its definition of the role of the CAO as a staff officer.

Internal Services - We believe it is essential to consolidate internal service functions into a centralized structure responsible for marketing facilities management, data processing, and procurement services to County departments. Technological developments are forcing unification of these functions. Both data processing and communications are becoming more closely linked to one another, and both are increasingly facility dependent.

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Moreover, one of the most significant current opportunities open to the Board is to create a new function with the mission to maximize the return the County achieves on its considerable investment in plant and equipment. We believe this asset management function should be initially located in the Internal Services Department, because that department will be responsible for the acquisition and maintenance of all County property and equipment. However, we also believe that the new functions might more properly be a separate department, reporting directly to the Board, and we plan to continue evaluating that and other options over the next several months.

Parks and Beaches - The management responsibilities of parks and beaches are nearly identical. The departments should be consolidated in order to effect a reduction of administrative costs, and to unify recreational programs countywide.

The functions of the Small Craft Harbor Division of the current Department of Beaches and Harbors are not compatible with or properly aligned with the function of beach management. The functions of Small Craft Harbors are properly those of asset management - to preserve and protect the County's interest in Marina del Rey, and to maximize return on investment. The Board would do well to recognize this explicitly.

In the remainder of this report, we describe each of our recommendations in detail.

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RECOMMENDATION 1

We recommend that the Board of Supervisors separate the operational responsibility for the following functions from the Chief Administrative Office:

- Internal Services (Facilities Management, Communications)
- · Purchasing and Stores
- Data Processing
- Asset Development

and define the primary role of the Chief Administrative Office as that of chief of staff for the Board of Supervisors.

DISCUSSION

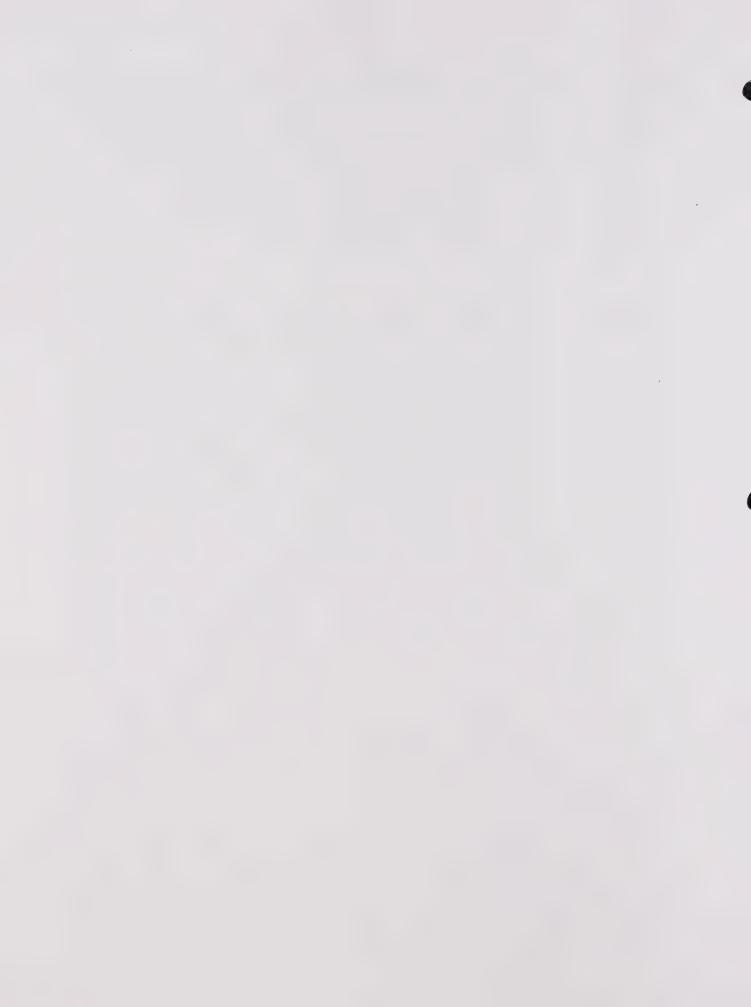
During the past year, upon resignation of the incumbent County officials, the Board of Supervisors appointed the Chief Administrative Officer as Acting Purchasing Agent and Acting Director of Data Processing. In 1986, following our recommendation to consolidate Facilities Management with the CAO, the Board appointed the Chief Administrative Officer as Acting Director of Facilities Management and authorized a consolidation of that department into the Chief Administrative Office. However, the Board has not approved a consolidation of Data Processing or Purchasing with the office of the Chief Administrative Officer. The current and proposed structures for these functions are depicted in Figure 2 (following Recommendation 2).

Recommendation 1 addresses the question of what the appropriate role is for the Chief Administrative Office in the County system. We base our recommendation on our analysis of the role of the Chief Administrative Officer. In our 1983 study, Decision-Making and Organization in Los Angeles County Govern-



ment, we emphasized the need to clarify the role of the Chief Administrative Officer. The issue at this time is the same as it was then: striking a balance between the staff responsibilities of the CAO, to advise the Board of Supervisors, which can be defined and achieved under the current Charter, and the administrative responsibilities, which cannot.

Fundamental Authority. When the Board of Supervisors created the office of the Chief Administrative Officer in 1938, it acted in response to the recommendations of the Commission for Government Simplification. That commission had recommended that the Board call for a Charter amendment to establish a County manager who would appoint and direct the heads of all departments of the County except those headed by elected officials. Instead, the Board created an Administrative Officer, who would "coordinate", and who would direct operations put in his charge by the Board. The CAO would not be a manager of County operations, since the Board, not the CAO, would appoint department heads. Instead, the CAO would have the responsibility to present a budget to the Board for its approval, and would have the right to attend all Board meetings and comment on the proceedings. Without the appointing authority, no CAO has accepted accountability for the performance of County departments. CAO exercises considerable power through the budget and through advising the Board on department head compensation, but cannot efficaciously direct or discipline them. To the extent that the CAO can use these devices to manage, it is management by negotia-



tion. Department heads can always seek to persuade the Board to reverse the CAO.

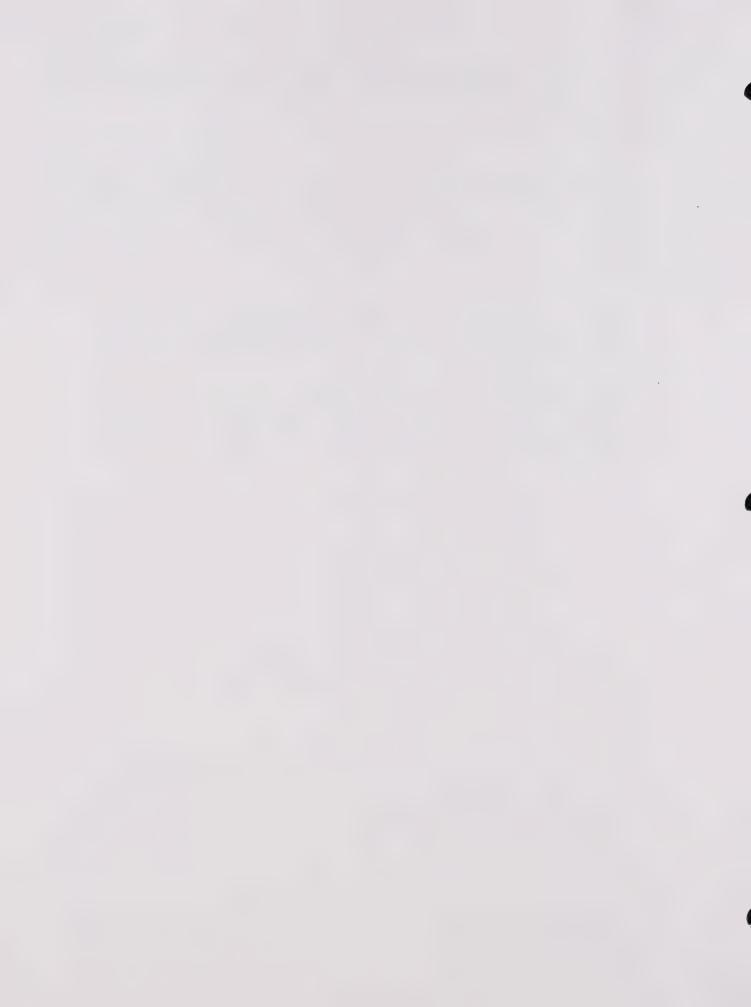
<u>Historical Alternatives</u>. Since that time, Boards of Supervisors have adopted a variety of philosophies governing the role of the CAO. The formally defined role has vacillated between that of

staff officer for the Board, responsible for informing and advising the Board on County operations, including budgets, but in no way responsible for any of them; and,

administrative officer on behalf of the Board, which delegated some of its operational responsibilities, chiefly those of such internal administrative functions as personnel, building and facilities management, and purchasing.

The differences between a staff officer and an administrative officer are significant. What is expected of a staff officer is information, objective analysis, and professional advice. Someone else carries out the recommendations if the Board adopts them. What is expected of an administrative officer is effective and efficient management of line operations in the administrative fields - personnel, purchasing, facilities, and data processing.

The functions of a chief of staff and an administrative officer are not necessarily mutually exclusive. However, if the staff officer is managing operations, then the degree of objectivity regarding those operations must necessarily be compromised, and will lack credibility. The functions of the same individual as a chief staff officer and a manager of administrative operations will be in tension with one another, since the



staff function will require disinterested analysis and review of his or her own decisions as manager of operations.

How much operating responsibility the CAO has for administrative operations at any point in time has been solely a function of the decisions of the Board of Supervisors in office at that time. It is based on the Board's perceptions of the personal capabilities and priorities of the person they appoint as CAO, together with the Supervisors' interest in performing the tasks of management. The Board is responsible for the management of the County - not the CAO.

Formal Role Definition. Within the current structure, the Board could abolish the office of the CAO with no noticeable effect. The Board would need only to assign certain responsibilities to other departments:

- the responsibility to publish a proposed budget,
- the responsibility to provide information and analysis,
- the responsibility to manage internal administration.

Each of these functions could be performed by another existing officer of the County government - budgets by the Controller, analysis by an Auditor or a Legislative Analyst, internal administration by a person appointed to direct an internal services agency.

Thus, the role of the Chief Administrative Officer is ill-defined. It is characterized by the following:

 the CAO has no legal existence established by the voters in the Charter or the statutes, and performs no function which could not be performed by another officer of the County;

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- the CAO's power can be exercised solely within the framework of some Board of Supervisors' willingness to adopt recommended budgets, policies, and actions;
- historically, the CAO's responsibility for internal administration has vacillated between almost none (1960's and 1970's), and almost all (1940's and at present);
- with respect to offices created by the Charter or by State law, the CAO cannot be accountable as a manager unless the Board appoints the CAO to the office, since the CAO cannot appoint the holders of those offices;
- the CAO is responsible to "coordinate" administration of the departments.

Administration: Ordinance Authority. On the other hand, since the creation of the office, the CAO has had certain authority and responsibility to control the administrative functions of the County, regardless of whether or not the resources are organized within the Department of the CAO. In order to carry out the coordination of Board functions, the boards of supervisors from the beginning have delegated to the CAO the "power and authority" to:

- transfer equipment, machinery, furnishings, or supplies from one [department] to another;
- make recommendations to the board of supervisors and the director of personnel for the temporary transfer of personnel as in his judgment is necessary from time to time to enable the respective [departments] to perform their functions or accomplish their work with the greatest efficiency;
- administer a comprehensive records management program;
- plan, coordinate, set priorities, and monitor all data processing functions;
- review and approve the expenditure of funds appropriated for capital outlay;

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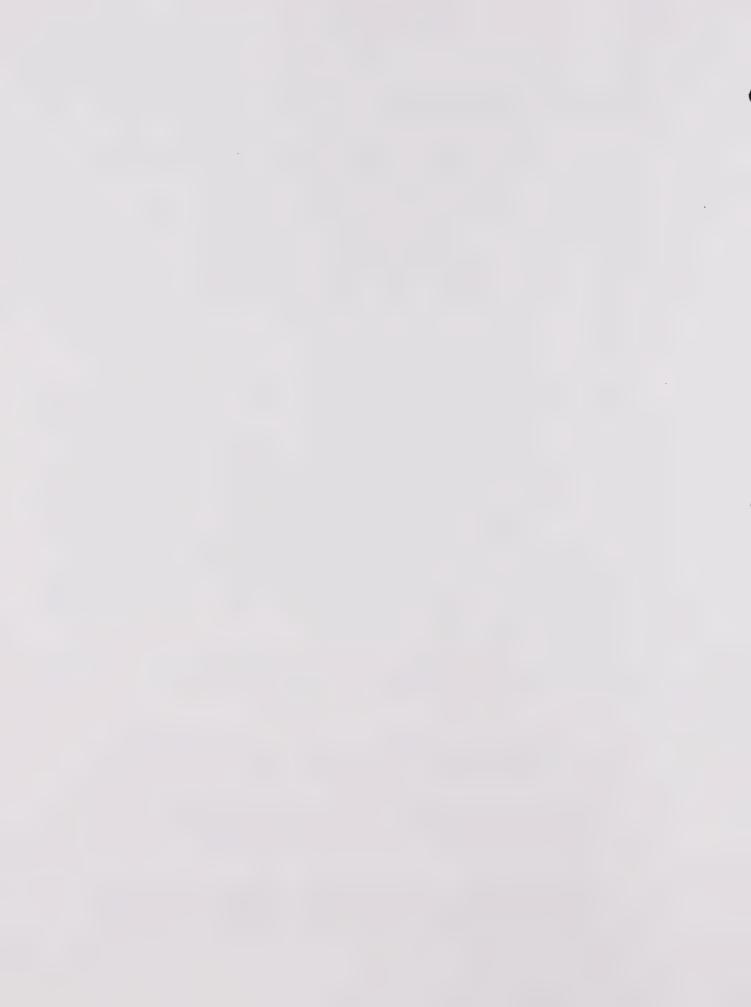
- recommend the creation or abolition of positions in any of the departments;
- direct the management, maintenance, and repairs on quarters occupied by [departments].

These provisions of the County Administrative code reflect boards' recognition, since 1942, that the CAO's "coordination" role can be effective only if it is accompanied by some power to control purchases, facilities, data processing, organization, and personnel.

Current Alternatives. As long as the Board of Supervisors continues an office of the CAO to assist it in coordinating its managerial responsibilities, it will be necessary to delegate some degree of authority over internal administrative functions. The question is, to what degree should the CAO be directly in charge of the management of such functions, including the appointment of those operating the departments of Facilities Management, Data Processing, Purchasing, and Personnel?

We considered two alternative means of structuring the internal services and staff functions, based on the following.

- To manage its responsibilities under the Charter, the Board of Supervisors needs the following:
 - organizations whose primary responsibilities are to produce services consumed by the public, including the development of infrastructure (public works);
 - organizations which provide infrastructure for the provision of those direct services, including information, housing for county officials, and so forth (internal services);



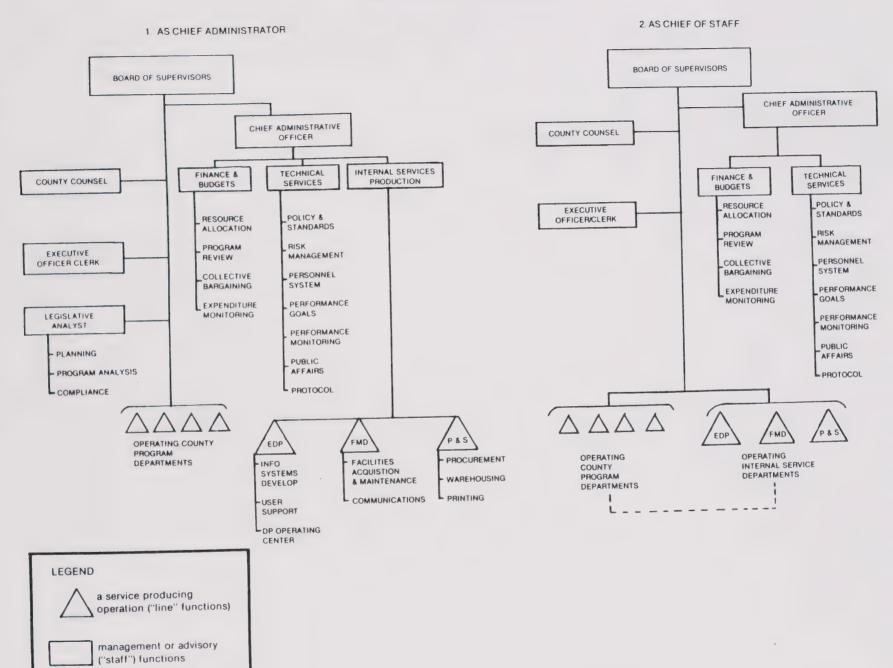
- organizations which provide objective information, analysis, and strategic advice to the Board for policy development.
- The internal administrative functions of personnel, purchasing, facilities management, and data processing have three severable components:
 - policy development and enforcement,
 - production of services operations within the standards established by policy, and
 - monitoring and reporting on the effectiveness of operations.
- Unified management of internal administrative functions is preferable to coordination.
- It is never reasonable to hold any official accountable for the performance of those he or she does not appoint.

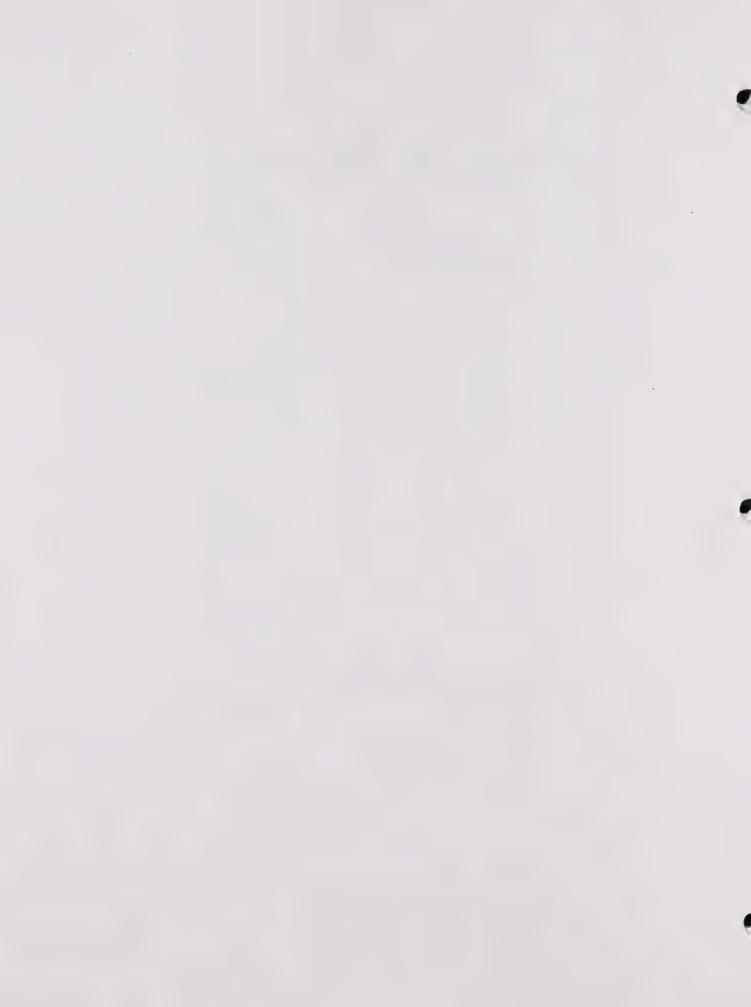
In the current structure, the Board has organized multiple service-producing departments, ranging from the Department of Health Services, with 22,000 employees, to Consumer Affairs, with 20. It has merged the internal services and policy development functions with the CAO.

Two alternatives to the current structure are depicted in Figure 1. In the first, the role of the Chief Administrative Officer would be to produce all internal services and determine the policy governing standards for the provision of those services. By appointing the CAO as Director of Purchasing and Stores and Data Processing, the Board has essentially implemented this kind of structure at this time. However, the alternative differs from the current structure in that it recognizes the need for a separate department. The Legislative Analyst would be needed to provide advisory and strategic input to the Board of Supervisors.

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FIGURE 1
ALTERNATIVE CAO ROLES





In the second alternative, the role of the CAO would be to determine the policy governing standards for the provision of internal services and provide advisory and strategic input to the Board of Supervisors. However, the CAO would have no direct responsibility for producing internal services. They would be produced by independent agencies or departments whose directors would be appointed by and directly reporting to the Board of Supervisors. There would be no need for an independent Legislative Analyst.

Advantages and Disadvantages. The primary advantage of the current structure, in which the CAO is an administrative official producing services, is that the costs of coordination are low. Since policy formulation and production of the services governed by the policy are managed by the same executive, the problem of making sure that they are aligned is diminished. The primary disadvantage of the current structure is that it diminishes the objectivity of the information available to the Board of Supervisors. The CAO cannot provide credibly objective information (from the Board's perspective) regarding decisions made by the office of the CAO. The Board would have to believe the CAO objective regarding his own decisions. The risk of error increases because the CAO in a staff role is required to evaluate decisions of the CAO in the administrative role.

For example, the CAO must develop policy governing internal services and monitor the performance of internal service operations. A key question for performance monitoring is whether the

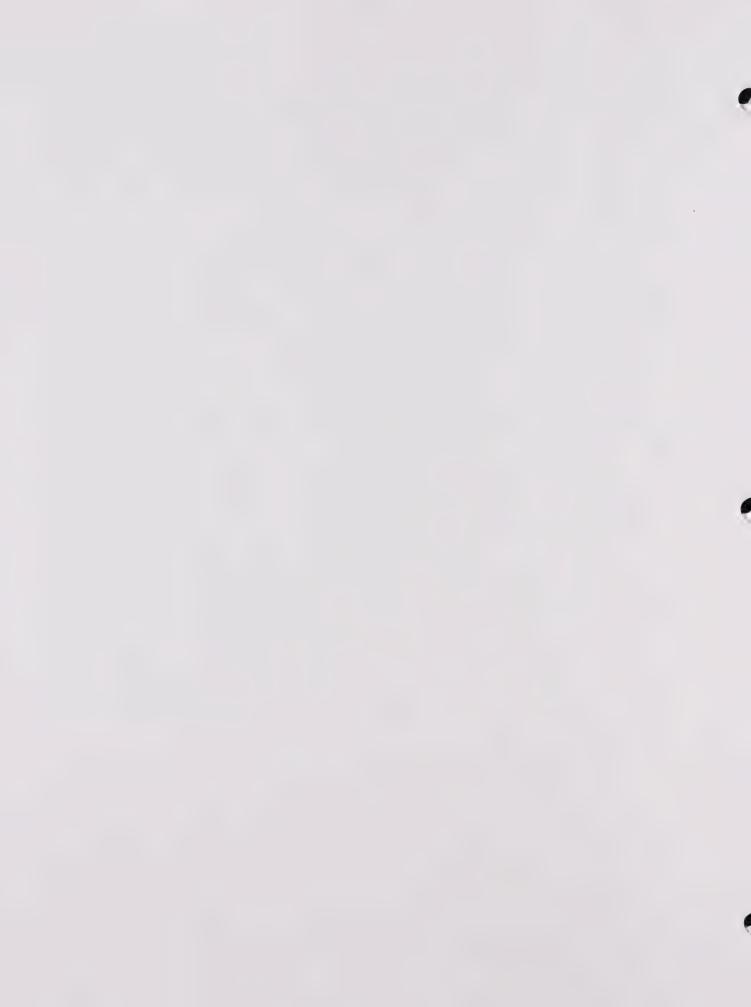


performance is deficient on the policy is wrong. This question cannot be resolved with the CAO in both roles. Therefore, the costs associated with the risk of failure are higher than when information and advisory functions are fully separate and isolated from operational functions.

To correct that problem, the first alternative we considered would provide for a second, independent source of information and analysis - the Legislative Analyst. This would create a new department, with its attendant bureaucracy and cost.

The advantage of the second alternative, in which the CAO would function primarily as chief of staff for the Board, is that it ensures a fully independent source of advice and analysis supporting the Board's policy development requirements and providing for analysis of the performance of the internal service functions. The disadvantage of this alternative is that coordination costs would be higher than when the CAO directly controls administrative operations. The CAO would control policy and finance for internal services, but not manage them. Therefore, the need to provide for continual communication between those producing the services and those setting the policies would increase.

In an organization with the size and complexity of the County, failures in a facilities management system, information processing, or procurement can paralyze the entire system. It is essential to provide for fully objective, independent sources of information to the Board to minimize the risk of such failures. The best source of such information is the CAO, provided



the CAO is not the same individual as the manager of the services themselves. On the other hand, the costs of coordination and communication can be expected to decline as computers come into more widespread use and the transmission of information becomes less costly. In the County system, it is more important for the Supervisors to provide for an independent and objective source of analysis than it is to unify administrative policy and service production. The risk of any lack of objectivity in the information provided the Board could cause failures of essential information systems, procurement policy, and property management that would affect virtually every operation of County government.

CONCLUSION

The disadvantages of the current structure, in which the CAO functions as an administrative officer in charge of the production of operational internal services, outweigh its advantages. Widespread use of computer and network technology can be expected to reduce coordination costs, while the size of the County system implies that it should minimize the risk of failure.

The first alternative we considered would correct the primary deficiency of the current structure by adding a function and a new department. This would be an unnecessary additional cost and add complexity to the Board's already unwieldy structure. Therefore, we believe the advantages of the second alternative, in which the CAO is a chief of staff for the Board, outweigh its disadvantages. The costs of coordination can be expected to decline.



Thus, our recommendation is that the Board of Supervisors adopt the second alternative, establishing the CAO's role as chief of staff, with no operational responsibility.



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RECOMMENDATION 2

We recommend that the Board of Supervisors create an Internal Services Department by merging the following and appointing a single Director to manage the centralized functions:

- Internal Services (facilities, communications from CAO)
- Data Processing (from CAO)
- Purchasing and Stores (from CAO)
- Asset management (from CAO), together with
 - Small Craft Harbors (from Beaches and Harbors)
 - Aviation (from Public Works)

and, further, instruct the Director of Internal Services to develop a comprehensive asset management program for the County as a whole.

DISCUSSION

The chart in Figure 2 illustrates the current structure and the structure we propose for these internal services functions. Within its authority under the Charter, the Board of Supervisors can create such a department. Under current interpretations, the Board would accomplish the merger of the Purchasing Agent into this department by appointing the same individual as department head and Purchasing Agent. Table I, below, summarizes the budgeting elements that apply to the new department.

This recommendation addresses three questions:

- consolidation of internal services functions in a single department,
- centralized management of the internal services functions,
- creation of a comprehensive asset management function.



CURRENT STRUCTURE

PROPOSED STRUCTURE

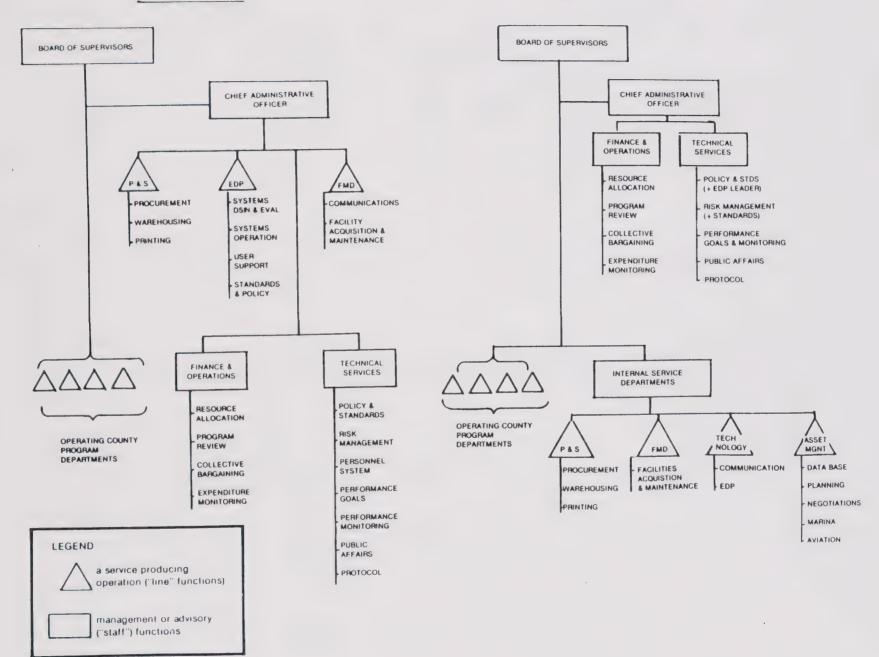




TABLE I

CURRENT BUDGETS OF INTERNAL SERVICES/ASSET MANAGEMENT

(1988 - 89 Recommended)

Budgeted Costs (\$Million)

Function/Account	Budgeted Positions	Gross Expense	Trans- fers	Reve-	Net
Internal Services					
Facilities and Purchasing					
Operations (CAO) Facilities Spec Mnt Telephone Utilities Disaster Aid Music Center Opns Rent (Incl Debt) General Debt Cable TV Courthouse Constr Justice Facilities Other Cap Projects	2,996	198.0 18.7 46.9 86.0 30.0 6.3 67.2 9.8 1.7 43.2 39.2 230.0	150.2 0.0 46.4 29.0 0.0 0.0 0.0 1.72 18.42 14.6 0.0	5.0 8.1 9.8 0.0 24.8 24.5	10.7
Asset Management					
Operations (CAO) Marina Fund Marina Operations Aviation Fund Aviation Operations	30 75 74	1.5 ³ 26.0 ₅ 0.0 ⁵ 4.2 8.2	0.0 0.0 0.0 ₂ 1.0 ₂ 0.6 ²	0.0 26.0 0.0 3.2 7.6	1.5 0.0 0.0 0.0 0.0
Data Processing	1,136	140.9	115.3	12.3	13.4
TOTAL	4,312	957.8	377.2	402.5	178.2

NOTES to Table I

- 1 Tax revenue
- 2 Available funds
- 3 Salaries and Benefits only
- 4 May include double counted transfers from operating funds
- 5 Reflected in Marina Fund

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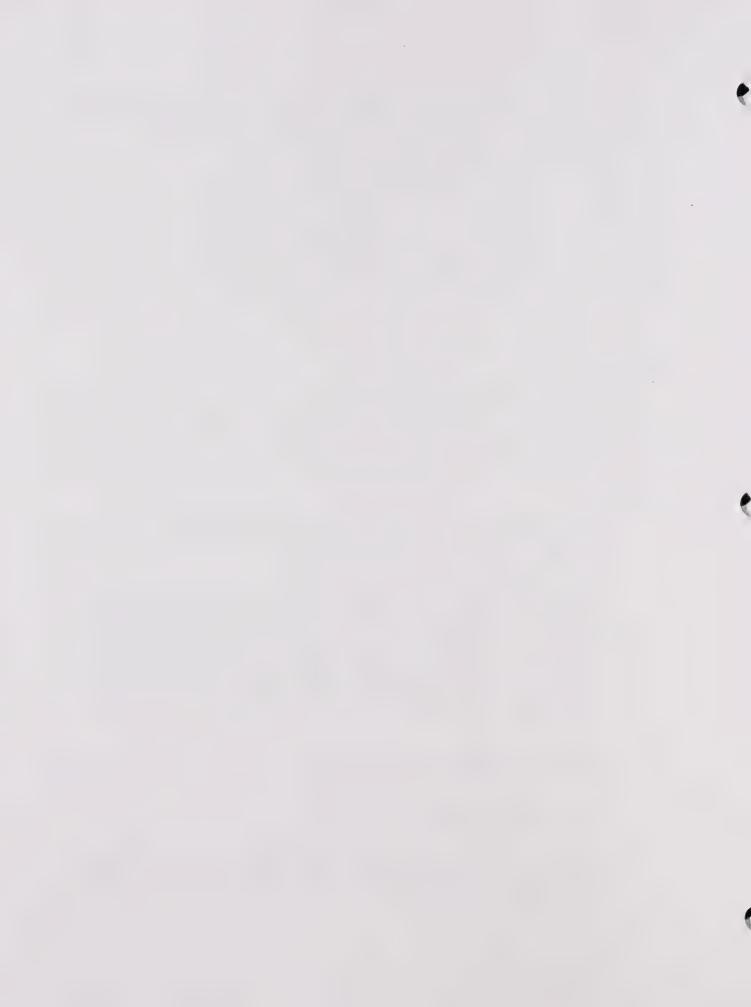
In addition, the recommendation implies further clarification of the role of the Chief Administrative Officer with respect to these internal services functions.

This recommendation is a further development and refinement of earlier proposals of our Commission, several County officials, and several consulting studies. In the following paragraphs, we take up each of the points in turn.

CONSOLIDATION

We propose consolidation of these internal services functions primarily in order to unify support services to County program departments. Their programs share the following mission elements:

- each manages and controls major investments in fixed assets, including the preservation and protection of assets;
- each supports the primary mission of providing services to optimize the use of assets by County departments, and each is in a position to minimize the kind of suboptimization that has increased County costs in the past (for example, the inability to consider transportation costs and communications costs associated with facility location decisions or purchasing decisions as we documented in earlier studies)
- each is a part of the overhead load on County programs which serve the public;
- each is affected by and must respond to current technological developments;
- each is being forced by technology and by County policy to relinquish the culture of an internal monopoly, and act instead as a competitive provider to County executives.



In addition, these departments are highly visible politically. County facilities are used extensively by the public, and represent a physical presence for the Supervisor in the District which elects him or her. Each interacts consistently with powerful corporations that supply the County. For each of them, the cost of failure could be disastrous - breakdown of the communications links supporting law enforcement, for example, or of the data systems supporting the County's financial affairs.

Communications and Data Processing. In 1986, our Commission recommended the consolidation of the communications functions of the Facilities Management Department (now the Internal Services Agency in the CAO) with the Data Processing Department. Following that recommendation, which was not implemented, Theodore Barry and Associates recommended the same thing. In that case, the recommendation was disapproved by the Chief Administrative Officer. In both cases, the recommendation was motivated by the technological fact of contemporary information processing, that the acquisition and maintenance of communications technology is becoming more and more critically associated with information processing technology.

Facilities, Communications, and Data Processing. However, this does not mean that communications and data processing technology should be detached from facility acquisition and maintenance. In fact, the same technological trends are supporting the development of innovations in construction and building



maintenance. New buildings can be "smart" - that is, they can use information systems to optimize operational costs, energy consumption, security, and other facility-related functions. New buildings can be designed for shared tenant services, including communications and data processing, and old buildings can be retro-fitted for optimal networking. Working patterns may be developing that will radically change the design of human working environments. For example, the transportation/communications trade-offs may lead to increased use of telecommunications for certain kinds of work - which would favor the development of widely dispersed small facilities over centralized large facilities. Employees will demand consideration of human factors in office design as the use of personal computers becomes more widespread. Contemporary business people in the United States and Japan are developing new design concepts for office workers - facilities designed to support "knowledge workers", most of whose work is concentrated in manipulating information. Businesses are merging or forming joint ventures to exploit these trends - IBM has a project with Nippon Telephone and Telegraph, for example. Firms such as Ford/EDS have developed data centers integrating all these technologies, for the US Army and others.

<u>Customer Interaction</u>. The same kinds of processes apply to facility development as to information systems development, and the same kinds of customer groups must be served. Both must consider the functions performed by the client departments or

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agencies in designing a system or a facility. Both are project driven - project management is critical to the development process. Both must be concerned with the life cycles of the systems they develop - life cycle costs, and replacement costs or re-use. Both must provide for training, and for ongoing maintenance and operation of the systems they develop.

Client Multiplicity. Customers in the County system are seldom single departments. In 1984, following extensive study, Arthur D. Little defined three levels of County information systems - countywide, multi-department, and departmental. County service delivery systems are multi-departmental, and, in many cases, multi-jurisdictional. In the case of services for children, for example, we and the Interagency Council on Child Abuse and Neglect (ICAN) have identified the activities of over 25 city and county agencies whose responsibilities have a direct impact on children's welfare. In an effective system, these agencies must be able to share data and information processes. They can do so with appropriate communications linkages and security systems, regardless of their locations in facilities, but the facilities themselves must be designed to support such linkages. We believe that few or no non-trivial County information systems can be properly defined as single-department. In all cases, the information that a County department has and uses may be needed by others, even if that need is not known or understood at present. Communication linkages among all County facilities will become increasingly critical.

We believe that the first step to enable the County to exploit these trends is to consolidate the departments whose services are most closely linked to asset-based systems acquisition and maintenance - Facilities Management, Data Processing, and Purchasing and Stores.

To be sure, the specific technologies of procurement, warehouse management, printing, building crafts, and information or
data processing differ from one another. They would be separate
sub-units in the new department. Their management would be
unified. Their missions and their approaches to providing for
the infrastructure needs of County programs would be brought
into alignment.

Size and Complexity. One of the objections to consolidation raised by County officials is that the new, consolidated department will be large and complex. In our view, this objection has no merit. The functions are already large and complex. The fragmentation of related missions and functions into several independent units, each with its own political base, administrative bureaucracy, and service consituency leads to increased unnecessary complexity in the Board's management responsibility. Consolidation reduces complexity. It should also reduce size, since the unification of administration leads to a reduced need for staffing of business functions.

CENTRALIZED MANAGEMENT

Policy of Decentralization. We have promoted the decentrali-

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zation of County internal services. It has been a cornerstone of our recommendations for reorganization and decision systems improvement since 1982. In our view, the best way to break up the monopolistic behavior of internal services functions is to give their client departments the choice of whether to purchase services internally or from a competitive outside firm. This is also, in our opinion, the best way to maximize the returns from the County's contracting policies, because it will force the internal services departments to become competitive, whether or not the services are contracted.

The policy has been effective in moving the internal services departments toward a more entrepreneurial stance. The Facilities Management Department and the Data Processing Department have each developed a strategic plan to market their services internally, under the assumption that they will have to compete with alternative outside providers. They are becoming more customer-oriented, and they are systematically streamlining operations.

Policy Implementation. However, the decentralization we recommended, and the Board adopted, was limited to decision-making and funding. The idea has been expanded recently to include not just the shift of decision-making authority to user departments to choose their suppliers, but also the shift of operational authority and personnel. That is, the CAO has, through the budgeting process, added a third option: that de-



partments can manage and produce the internal service themselves. Thus, funding and personnel have been transferred from Facilities Management and Data Processing to the Department of Health Services. Even capital projects have been decentralized.

This policy is one of dispersal of resources, not of the decentralization of decision-making. Although it is based on the premise that "departments should manage their own operations", it is likely to lead to trouble for the following reasons:

- line program departments do not have the depth of managerial expertise and experience that has been developed in the data processing, facilities, and procurement specialties;
- the proliferation of dispersed operational units to provide technical support services will eventually lead to major increases in total county overhead, as the line departments try to develop internal expertise in managing the technical specialties;
- the policy locks in the isolation of County departments from one another, which will make more difficult the development of multi-department and countywide systems, thus increasing coordination costs at a time when they should be reduced by the availability of communications technology.

Thus, we believe that the decentralization of decision-making should be continued, but not the dispersal of internal service resources. If a client department chooses to contract with a private firm, rather than use the internal services department, then the internal service department will have to undertake the necessary reductions to maintain its break even position (net cost of zero). We have supplied ample information on the options open to the County to accomplish such reductions. Our recommendation is therefore to retain Facilities



Management, Data Processing, and Procurement as centralized functional services.

We base our conclusion on our review of

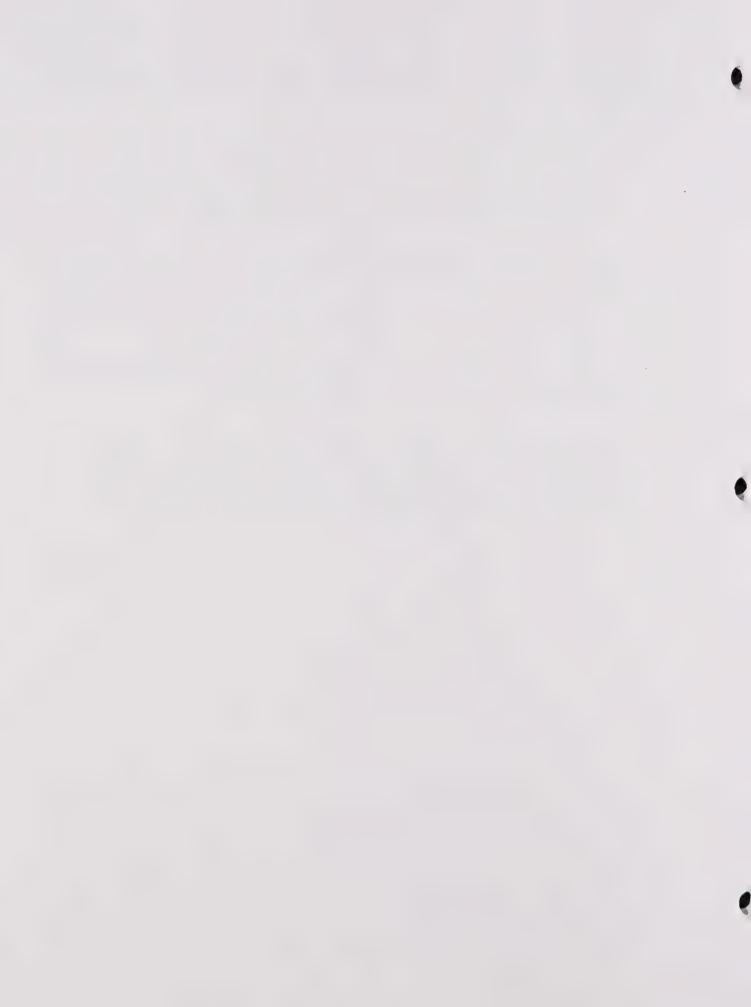
- recent trends in business and industry, and
- several models for providing for user-driven management of systems development efforts.

Industry Trends. Business and industry undertook a radical dispersal of information systems resources through the 1980's. The current trend is to reverse it: to recentralize. Irwin Sitkin, the Vice President of Corporate Administration at Aetna Life and Casualty was quoted recently as saying:

"Many companies followed Citicorp's lead by pushing thousands of minis and micros out to departments. But often these well-intentioned efforts to get close to end users weren't accompanied by increased gravity and control at the center and a cohesive strategic plan."

Such organizations as Security Pacific, Merrill Lynch, and Aetna are recentralizing, but they are not attempting to fight the technology. They are supporting increased networking, increased use of personal computers and local networks, and increased choice of supplier on the part of users. But they are not supporting the dispersal of resources and management to the end user departments.

We believe it is particularly critical in the County to avoid the dispersal mistake that these companies are now working to reverse. In the County, departments are seldom free-standing business units. The degree of inter-dependence among departments is high. The department - in the county structure - is an artificial boundary. Regardless of how much success the Board



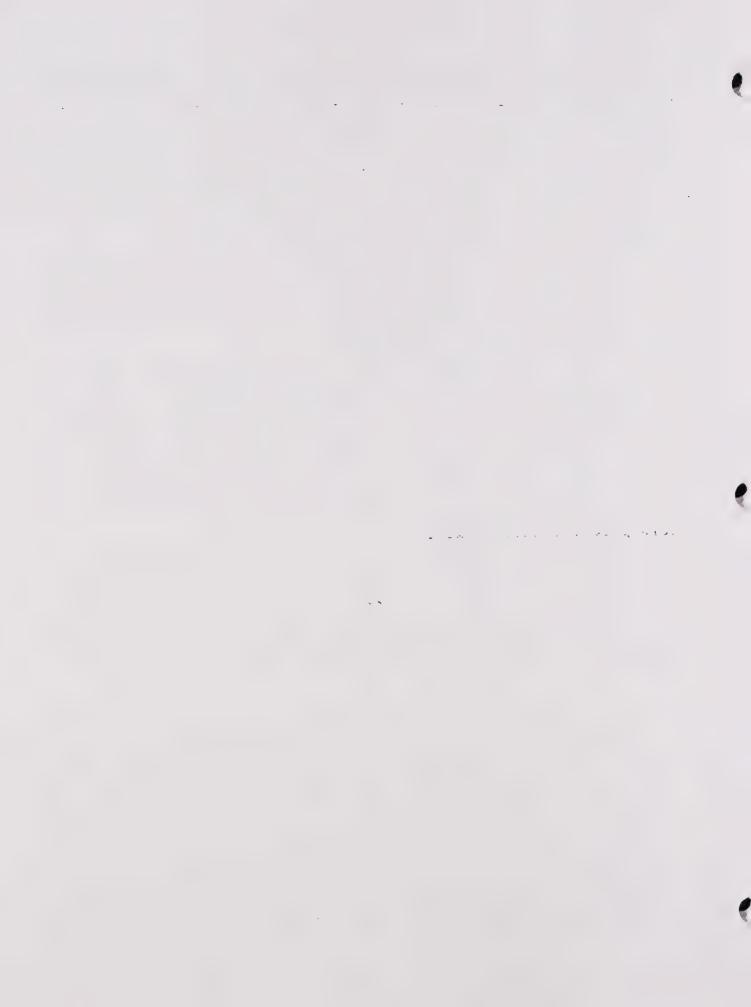
achieves with department consolidation, it will never be true that service systems are single department. For example, it will always be true that service systems to protect children from exploitation will involve both law enforcement and social services, but it would be absurd to propose consolidating the department of the Sheriff with social services units.

Therefore, it will be essential to provide for centralized decisions governing the interactions and communications of data and processes over all departments.

Business and industry have also recognized the need for centralized procurement and standards development. The issue is not merely cost reduction - although that is significant enough - but also effectiveness. Without standards, systems that should be linked in the future may be designed in ways that would preclude integration.

Finally, IBM has also recognized and is acting on the need for recentralization. It is developing communications systems architecture that will support the centralized control of systems used by diverse, but linked, departments.

Users Decide. Centralization does not mean that the County should revert to the historical problems associated with making the central internal services department a center of policy and control that left user departments with little or no influence over their systems. In 1983, Arthur D. Little recommended establishment of "Systems Planning Units" to govern the development of information systems over several departments. The concept is



similar to that used in business - governing systems development through a "Strategic Information Unit". It has been applied successfully in the County, with the development by the Information Systems Advisory Board (ISAB) of the Countywide Criminal Justice Coordinating Committee. It has also been applied to countywide systems, in the development of the new accounting system and the payroll and personnel system. It can be applied successfully in facilities programs as well - for example, the new Dependency Court projects should be controlled by a group composed of all the departments whose clients will use it, not just the Superior Court.

Other work in local government supports the same kinds of structures for systems development: that is, a strong committee of users supported by a strong centralized service department. A similar model has been developed by the URBIS group at the University of California in Irvine, and is being implemented in Phoenix. Absolute measures of the effectiveness of this method of organizing and managing systems development - for information systems or facilities development - are not yet available. We believe that the approach is far superior to the radical dispersal of technical resources to line program departments which seems to be the current policy of the CAO. Thus, our recommendation is to continue the strong centralized internal services functions.

COMPREHENSIVE ASSET MANAGEMENT

Through the general and enterprise funds, the County has

invested at least \$2.7 billion in fixed assets (non-depreciated historical cost). Of this amount, about \$2.0 billion is in land and improvements, and \$400 million in equipment. We estimate that the amount invested in data processing equipment amounts to \$90 million. In addition, the County's rental budget includes annual expenses of \$8.3 million for noncancelable leases.

No single County organization is accountable to the Board for its management of this investment in fixed assets. The CAO has an organization that has identified certain county-owned parcels as candidates for revenue-producing deals with developers. At least one of these projects has succeeded, and others are progressing. However, the CAO's function is not responsible for the overall development of all types of County assets as income-producing resources, nor is it responsible for ensuring the best and most efficient use of those assets.

<u>Definition</u>. Our recommendation is to create a single organization responsible for optimizing the use of assets, within the new Internal Services Department. We include the following in the definition of the function we envision:

- long range asset development program planning
- project programming, management and control
- standards
- operations and maintenance
- technical support and services

We include the Small Craft Harbor Branch of the Department of Beaches and Harbors. The public-private partnership at Mari-

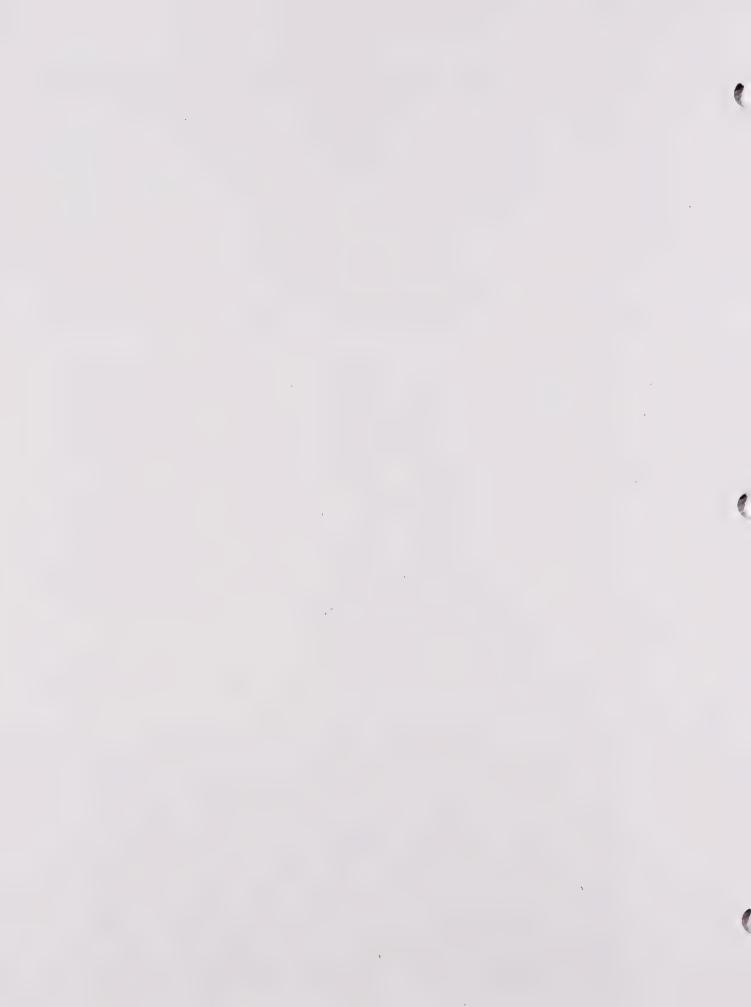


na del Rey is the best example we know of supporting our belief that the County can find ways to develop under-utilized assets for public benefit and the benefit of the County as an institution. We include the Aviation Division from the Department of Public Works. The County's five airports, in our view, represent one of the most significant current examples of assets that can and should be developed, in collaboration with the private business community, to exploit the coming growth in general business aviation.

Study Background. During September, we engaged HRS Associates, a consulting firm specializing in human resources management, to assist us in facilitating a study of Parks and Recreation, Beaches and Harbors, Facilities Management, and the Public Library by representatives assigned by the Directors of those departments. We have reviewed two reports generated by that work: the report reflecting a consensus of the study team (Attachment I), and the report reflecting the independent conclusions of the consultant (Attachment II).

Following extensive interviews of County officials, the study team agreed to the following finding:

"There is no strategic and systematic process for managing the County's real estate assets and income producing processes. Presently, some of the County's real property assets are under the operational direction of departments, while others are under the direction of the Assets Division of the CAO's office or the Facilities Management Department, also reporting to the CAO. Currently, the County manages more than four thousand separate facilities, both large and small, for its own use; large real estate developments like the Marina del Rey; and twenty or more other major parcels under consideration of development or re-development for the purpose of revenue Additionally, several operating departgeneration. ments exercise control over revenue generating concessions occupying County owned or operated properties



through contracts with outside businesses or suppliers of services.

"Under the present arrangement, there is no clear system for tracking and accounting for these properties and contracts; assuring the application of desired business standards; auditing revenue performance; conducting consistent scheduled maintenance programs and allocating required maintenance funds; coordinating the pursuit of lease renewals and renegotiations; and, numerous other sound asset management practices."

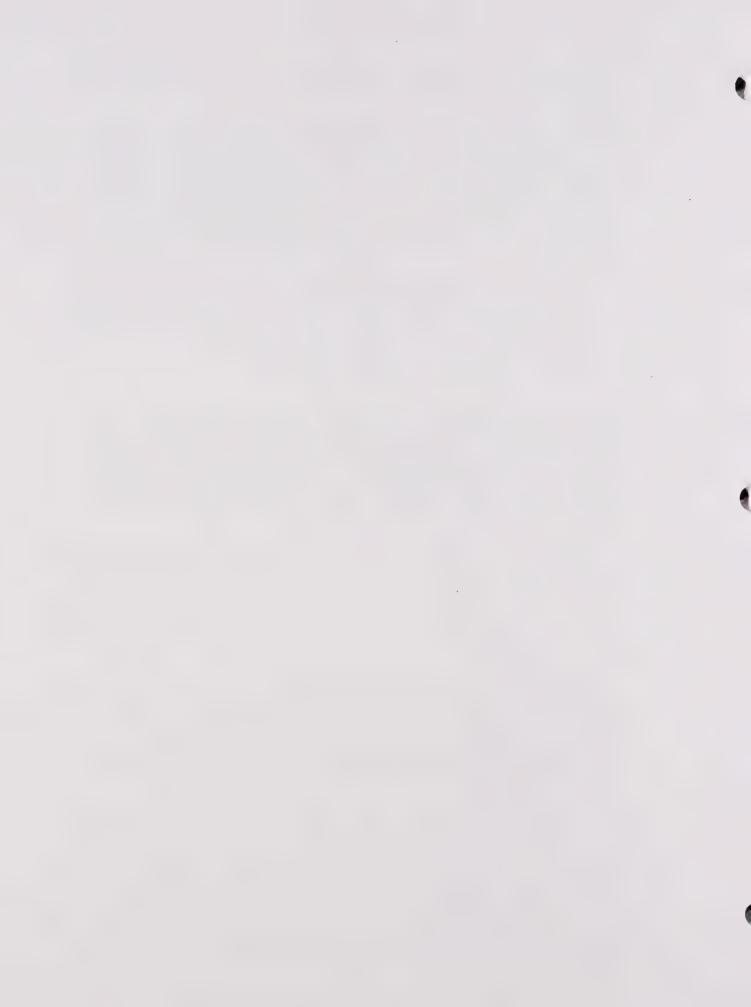
The study team recommended that the County undertake a study. Following the study, the consultant, in his supplemental report, makes the following recommendation:

"It is recommended that a new Asset Management Division be created by combining certain functions and activities now under the CAO's Asset Management Division, Facilities Management Department, and Beaches and Harbors (specifically those activities related to Marina del Rey). The head of this Division would report directly to the CAO."

In its recent review of the asset management practices of the State of California, the Little Hoover Commission similarly recommended centralization of asset management programs as they relate to real estate:

"Adopt an organizational structure for State property management which establishes mechanisms designed to ensure accountability of decision making. Such a structure should centralize policy development, require the development of operational plans, establish procedures for accountability, and monitor accomplishment of measurable objectives."

The former Director of Parks and Recreation, Ralph M. Cryder, made similar recommendations when the Board began to implement the reorganization program, and several staff people in the CAO's office have conducted preliminary investigations into the potential of further development of the County's resources.



In our current work on contracting, we have engaged the services of Deloitte Haskins and Sells to assist our task force in identifying alternative means of improving the financial performance of the Antelope Valley Rehabilitation Centers (AVRC). Although that study is not completed, indications are that the task force and Deloitte Haskins and Sells will find that management of the AVRC as an income producing asset is both feasible and desirable. In a partnership arrangement, for example, the County could develop the property for further use as an alcoholism and substance abuse treatment center, funded by industrial employee assistance programs.

Information Systems Assets. In the information systems field, the current trend in business and industry is to view both information itself and the hardware and software supporting its development, dissemination, and maintenance as assets subject to the same kind of rigorous justification as other corporate assets. In fact, with current technology, the development of major information systems (very large projects) is evolving in the direction of asset based development, rather than as one-time efforts which freeze the users' requirements. We made a similar recommendation in 1982, when we stressed that the kinds of systems the County can use most effectively, cost accounting and inventory management, should be built on the existing base - systems that the County already had. That is, information systems can be used and reused, maintained and eventually replaced, in the same way as real property assets.



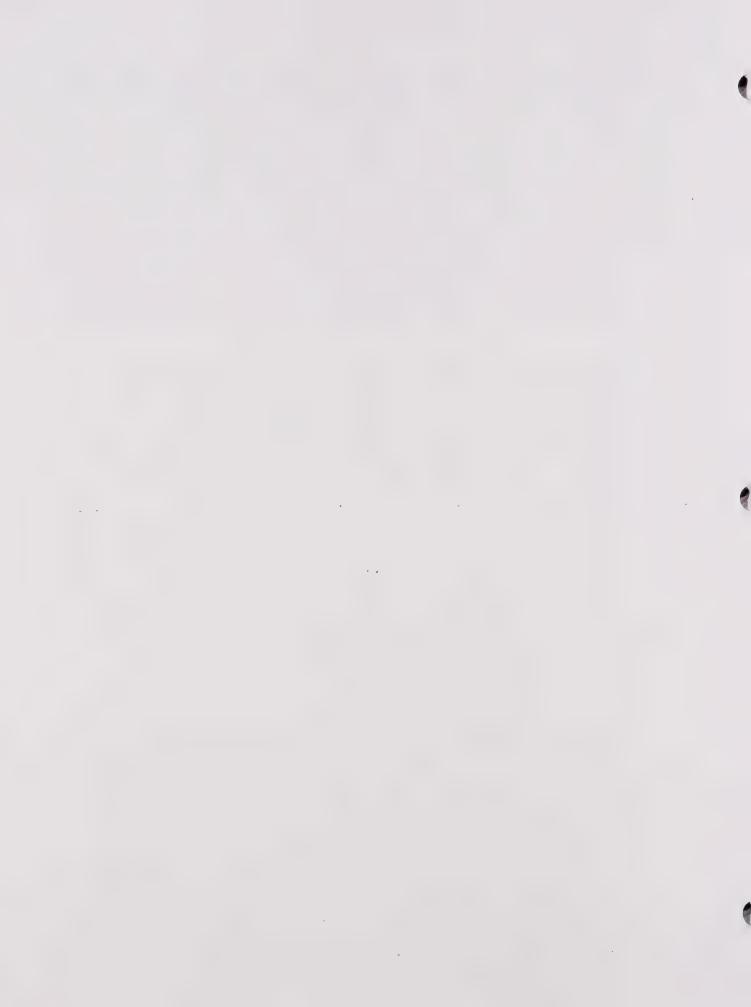
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During 1986, as part of our work on contracting, we identified significant opportunities to develop the County's base of demographic and geographic data as a marketable asset. The County has initiated work on developing an integrated system to support departmental needs for such data, but we know of no progress in Los Angeles to develop a public-private partnership for marketing and using that data and system. In San Diego, by contrast, there is a partnership that has been active for several years.

Experts in information systems have similarly begun to view micro and mini-computers in widespread use as assets which incur maintenance and operational costs in addition to their acquisition costs. They are developing methods of measuring the effectiveness of systems in terms of return on investment. For example, in a recent study, Nolan, Norton & Co. found that the annual cost of owning a microcomputer, on average, is about \$18,000. They estimate that most companies are generating returns of 10% to 20% on the investment, while productivity improvements of tenfold should be possible.

Mission and Function. Although the CAO has an asset management division, it is project-driven. The CAO has no charge to concentrate on the overall development of any systems as assets, with the needs of the entire County in view.

The kind of asset management we envision is comprehensive and operational. It would centralize the responsibility for planning and development of projects, including information-based projects, for all departments and for all



County assets, and it would manage and monitor those projects. The mission would be to develop and implement plans and programs to optimize revenue returns on Los Angeles County's investments in real property, physical, and intellectual assets, consistent with the legal and public interest responsibilities of County government. The primary objective would be to increase County revenues and the value of County assets. Increases in revenues are to be shared between the overall needs of the County and those of individual departments, as currently defined under the County's Budget Sayings Retention Plan.

The principal duties would be:

- to develop a comprehensive, strategic countywide asset management plan which encompasses major real estate holdings, major physical assets, and intellectual and professional capabilities;
- for those assets directly assigned to the Asset Management Department, develop and implement programs to optimize the County's revenue return on its investment, consistent with County government's responsibilities to the public interest;
- for those assets assigned to other County departments, work in conjunction with individual departments to develop and implement standards and programs for optimizing the County's revenue return on its investments, consistent with the mission and goals of the individual department;
- aggressively and creatively seek out inter-department opportunities to optimize revenue returns from assets held in more than one department;
- in conjunction with Facilities Management, develop a data management system which will provide a central inventory of County-owned properties.

<u>Centralized Management</u>. We considered several alternatives for the organizational placement of the asset management function. Asset management includes three major components:

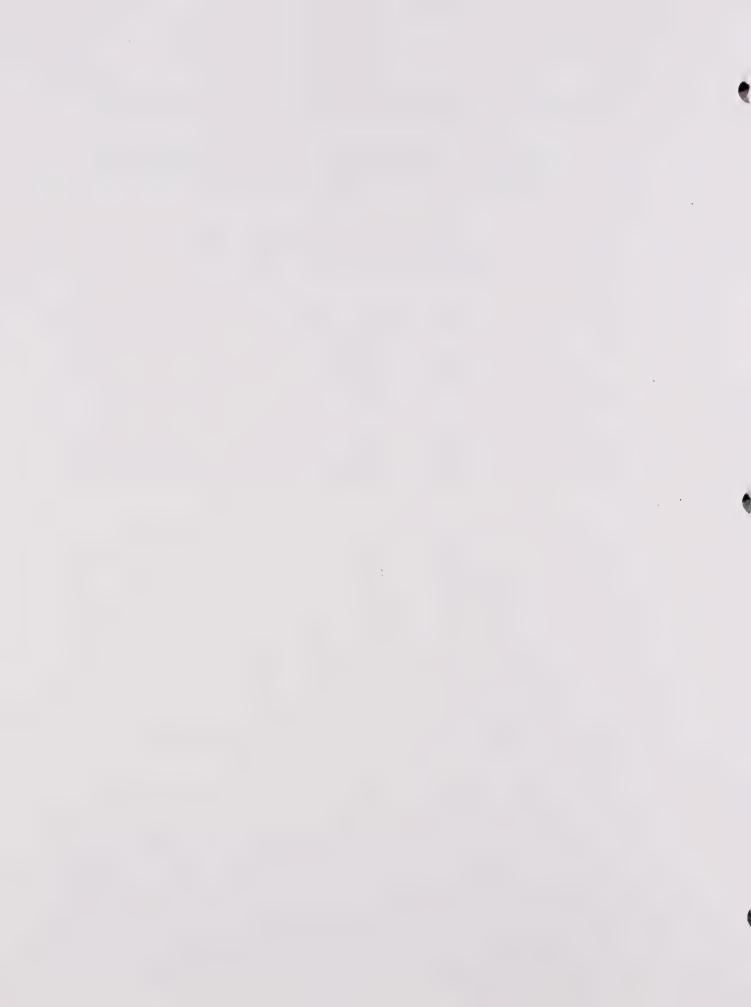
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- determining which properties to target, and what kinds of development to seek for them;
- deal making and negotiations; that is, the function of finding enterprises interested in working with the County on the development, and negotiating the terms and conditions;
- managing the operating development; that is, the function of ensuring that the County's interests are protected and meeting the County's side of the agreement.

Operating County departments have performed all of these functions related to property they manage. The beach maintenance people of the Beaches and Harbors Department have negotiated productive arrangements with restaurants, and have developed Recreational Vehicle Parks at some sites. The Parks and Recreation Department has operating agreements with several concessions.

The centralization we propose would operate in the same way as the centralization of other facility-related functions. That is, the Internal Services Department would not be a monopolistic provider of the services of developing the projects. Rather, it would be available for support of the departments. The most important element in the program we propose is its focus on a countywide plan for asset development and management, for all fixed assets.

In any County asset management function, one of the most critical responsibilities will be to assess the trade-offs between the public interest in increasing income for the County, the public interest in providing public services at County facilities, and the public interest in maintaining County property in a safe and useful condition for public purposes. Thus, clearly,



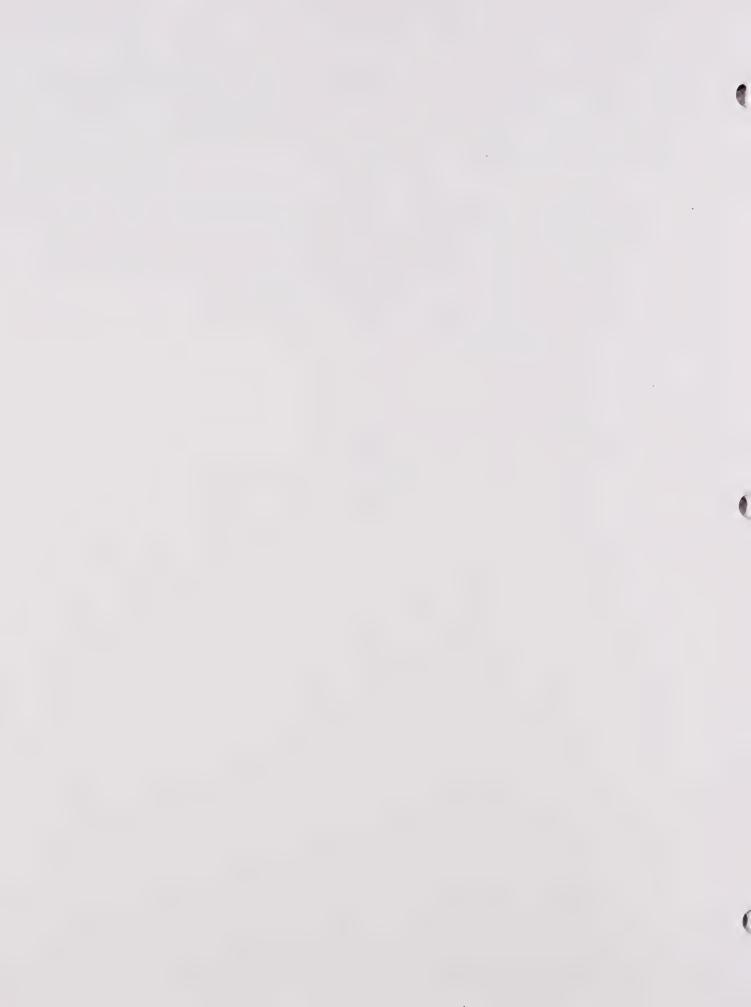
one primary responsibility of those managing this function would be to work closely with the departments and the Board on balancing these priorities.

Alternative Structures. We considered whether the function we recommend should be located organizationally in the Internal Services Department or in one of the following:

- Chief Administrative Office
- Treasurer Tax-Collector
- Public Works
- Community Development Commission
- Employees' Retirement System
- A separate department reporting to the Board

We prefer locating the function in the Internal Services Department initially. This reporting arrangement will unify all the functions affecting the acquisition, use, maintenance, and development of County fixed assets, excepting only the public infrastructure of roads, flood control, sewers, and so forth. The department will therefore be able to integrate all factors affecting life cycle costs, returns on investment, and divestiture options in its design and planning.

It may be desirable to "spin off" some such developments from the centralized function to the applicable operating department, once the development is completed and its use well established. In the case of the AVRC, for example, the Department of Health Services would be most directly concerned, and therefore in the best position to manage ongoing operations, and should be the primary beneficiary of the revenue and other benefits.



Similarly, the Department of Parks and Recreation may wish to continue managing properties for recreational uses such as golf courses or parks, regardless of the development activities that may have been introduced. In these cases, what we are proposing is that the Internal Services Department would function as a contract asset manager, to relieve the line operating department from the responsibility of operating facilities. As in the other cases where the Department would be providing a service, the client department would have the choice, according to standards developed by the CAO, of selecting another manager for the assets.

What is essential, however, is the centralization of the planning function. In this case, the Internal Services Department is preferred because it has the most comprehensive knowledge of County properties, and is developing a comprehensive data base.

The new internal services department we recommend is in a better position initially to do this than the CAO. The CAO can retain policy control through the budgets, capital projects budgets, and general oversight.

Therefore, we think that the function would be most appropriately managed through the Internal Services Department. That department will be responsible for the design, acquisition, and maintenance over the life cycle of all county assets, and accountable for producing reasonable returns on those assets. This location of the reporting responsibility should be evaluated within one year, and changed if one of the other arrangements listed above would be more appropriate.



Thus, our recommendation calls for centralization of asset management in a new function assigned to the Internal Services Department.

Role of the Chief Administrative Officer.

Since the early 1970's, every study of the County's information processing needs, and most studies of its real property management functions, has recognized the need for a central role for the CAO in the management of those programs. The issue is the same in both cases. The acquisition, maintenance, and development of County systems - including facilities housing county programs - involves multi-department projects, countywide projects, and a few serving single departments. These projects require enormous infusions of capital and the coordination and cooperation of numerous county officials, suppliers, and other interest groups.

Priorities are a major issue. Standards must be developed and enforced, countywide. The function has been more clearly defined for information systems than for facilities, but it applies in both cases. In the 1970's, the CAO provided the leadership and the staffing for the EDP Coordinating Committee. In the 1980's the function has evolved into the CAO's "EDP Leader" function, developed in 1986 and 1987 with the help of Arthur D. Little, Coopers and Lybrand, Touche-Ross, Theodore Barry and Associates, and others. We recommended a similar role for the CAO when we proposed decentralized decision-making in 1985, as adopted by the Board of Supervisors.



The central issue regarding the role of the CAO in asset management and systems development is one of power. County departments want to conduct their own systems development efforts and manage their own facilities acquisition. The law will not permit them to similarly manage isolated procurement systems, but they nevertheless continue to resist standardization. Someone has to set countywide standards and establish priorities. This is an appropriate role for the CAO, as staff to the Board of Supervisors. If it is not the CAO's role, then it will not be done. Only the CAO has the Countywide viewpoint and the kind of information that would support overall policy determination and standards.

A number of companies have developed a new, high-level corporate function, generally called the "Chief Information Officer". In most instance, however, this is a line operations position, which controls and provides for all of the corporation's information and information processing resources. This function, in our recommendation, would be assigned to the Internal Services Department. The CAO's role would be to provide staff advisory support to the Board regarding standards and policies (but not technological policies).



RECOMMENDATION 3

We recommend that the Board of Supervisors consolidate the Department of Beaches and the Department of Parks and Recreation.

DISCUSSION

Until 1969, the County's responsibilities for managing beaches were assigned to the Parks and Recreation Department. Our recommendation is to return to that structure, provided that the management of the Small Crafts Harbor functions (Marina del Rey) is assigned to the Asset Management function we have recommended.

The missions and functions of the two departments are quite similar:

- each provides land and facilities for the recreational use of the public;
- each maintains those facilities in useful and safe condition;
- each provides for the safety and security of the public when using the facilities;
- each provides programs, facilities and services which are environmentally significant and sensitive;
- each negotiates revenue-producing concessions with private companies who wish to exploit the markets available from the public use of the facilities.

The current structure and the structure we propose for these functions are depicted in Figure 3. The budgeting data are summarized in Table II.

We see no reasonable organizational rationale for maintaining the management of beaches separately from the management of Parks and Recreation.

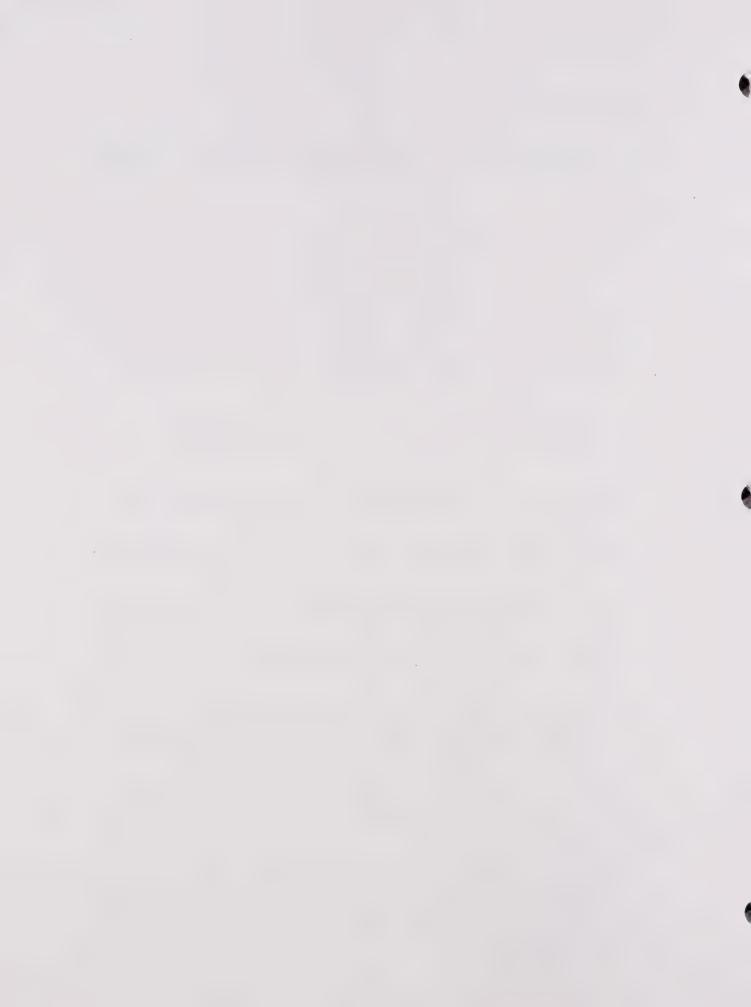
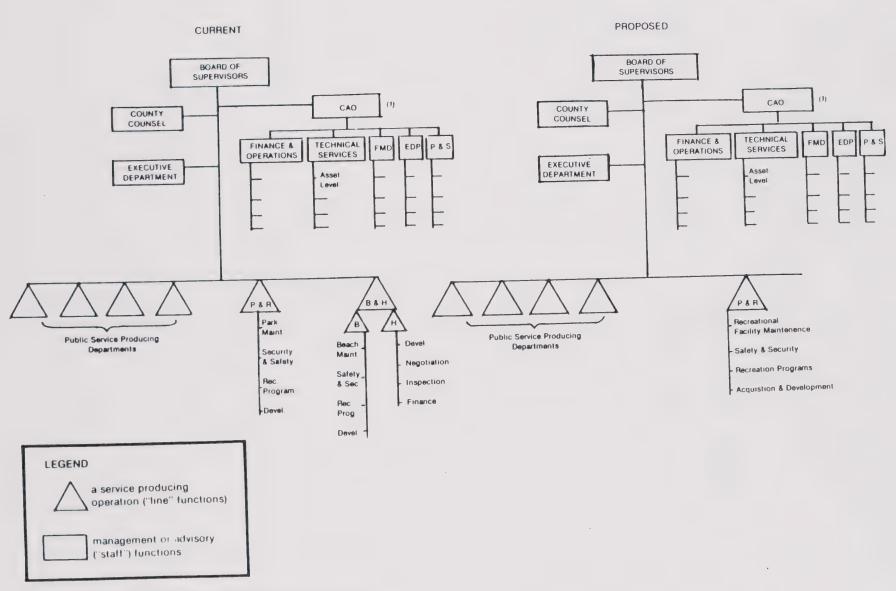


FIGURE 3

CURRENT & PROPOSED STRUCTURE FOR RECREATIONAL FACILITIES AND PROGRAMS



(1) Refer to FIGURES 1 and 2 for changes proposed in the CAO's role.



TABLE II

CURRENT BUDGETS OF BEACHES/PARKS & RECREATION (1988 - 89 Recommended)

		Budgeted	Budgeted Costs (\$Million)		
Function/Account	Budgeted Positions	Gross Expense	Trans- fers	Reve- nue	Net
Beaches					
Operations	300	28.4	0.0	16.7	, 11.7
Parks & Recreation					
Operations	940	74.0	2.1	41.1	30.8
Development Funds		1.6 11.0 3.6	0.9 ¹ 5.7 ¹ 0.5 ¹	0.8 5.3 3.1	0.0 0.0 0.0
TOTAL	1240	118.6	9.2	67.0	42.5

NOTES to Table II

Although merging these departments can be expected to produce some savings of administrative costs - possibly as much as \$200,000 annually - we also believe that the integration of their program activities will produce benefits. For example, in our work with Children's Services, we found that the County may be missing significant opportunities to reach numbers of young

¹ Available funds

people with alternatives to gang activity and vandalism. We have been told that Ventura County has had some success in sponsoring the use of such facilities to provide recreational activities organized by volunteer groups. Consolidation would help generate resources that could be used to develop similar long range programs in Los Angeles County, in collaboration with the Asset Management function we recommend above.

The Chairman of the Parks and Recreation Commission has indicated the concern of that commission to maintain the integrity of the Parks and Recreation Department as an organization separate from the Beaches (Attachment IV). We believe, but do not know, that the Board could also expect other organizations to express similar concerns, including such general purpose environmental groups as the Sierra Club, State organizations with an interest, such as the Coastal Commission and the Resources Board, other County commissions, and other politically active interest groups.

The political issue is the same as we identified in our 1983 study. Once a separate department is created, it creates associated constituencies of suppliers and users who believe that structural change will threaten their interests. All the evidence we have so far testifies to the opposite. The consolidations that the Board has adopted have increased the effectiveness and efficiency of the affected programs, and have not resulted in any decrease of policy attention whatsoever. We therefore urge the Board to undertake the separation of the Small Craft Harbors Division from Beaches and Harbors, followed by the consolidation of beach management with Parks and Recreation.



NOTES

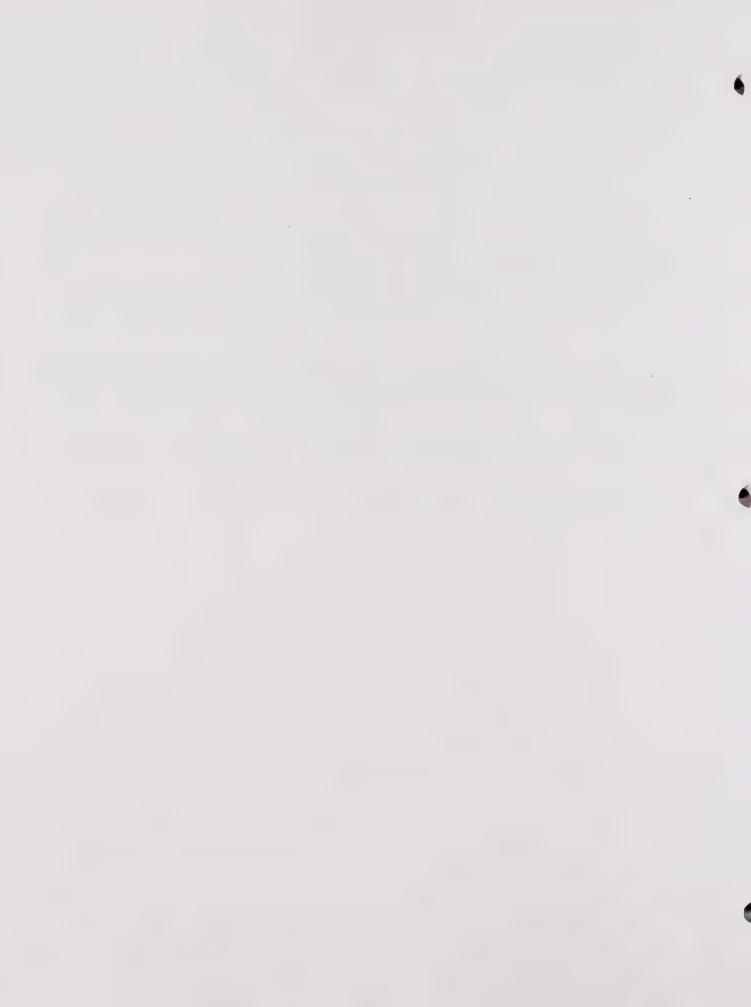
¹Robert Chapman Wood, "A New Look At The Office", <u>High</u> <u>Technology</u> <u>Business</u>, October, 1988, 12.

²Ralph Emmett Carlyle, "Leading IS Shops Shifting To A Centralized Structure", <u>Datamation</u> (33:22), November 15, 1987, 17.

³State of California, Commission on California State Government Organization and Economy, California State Government's Management of Real Property, March, 1986, Recommendation B, p. vii, and throughout.

⁴Daniel S. Appleton, "Information Asset Management", Datamation (32:3), February 1, 1986, 39.

⁵Paula S. Stone, "Research Report Outlines PC Managerial Models", InfoWorld, July 4, 1988, 34.



ATTACHMENTS

- I. Board Orders and Motions
- II. Study Team Report
- III. HRS Associates Report
 - IV. Letters from Parks and Recreation Commission and Small Craft Harbor Commission (Beaches & Harbors)



ATTACHMENT I

BOARD ORDERS AND MOTIONS





BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

383 HALL OF ADMINISTRATION / LOS ANGELES. CALIFORNIA 90012

MEMBERS OF THE BOARD

PETER F SCHABARUM KENNETH HAHN EDMUND D. EDELMAN DEANE DANA MICHAEL D. ANTONOVICH

LARRY J. MONTEILH, EXECUTIVE OFFICER (213) 974-1411

May 12, 1988

Mr. Joe Crail, Chairman
Los Angeles County Citizens Economy
and Efficiency Commission
500 West Temple Street, Room 163
Los Angeles, California 90012

Dear Mr. Crail:

At its meeting held May 10, 1988, on motion of Supervisor Peter F. Schabarum, the Los Angeles County Board of Supervisors requested your Commission to consult with the Productivity Advisory Commission, and study and report back within 90 days on the status of your 1983 recommendations on County reorganization, as adopted, and in particular:

- Report on the alternatives created by new department head vacancies;
- Propose the next steps the Board should take in reorganization and consolidation;
 and
- Report on the status of the recommendations regarding the Chief Administrative Officer and the effectiveness of the changes the Board has made.

Very truly yours,

LARRY J. MONTEILH EXECUTIVE OFFICER

EXECUTIVE OF

LJM:r23:L13

c: Mr. John Campbell, Contact Los Angeles County Citizens Economy and Efficiency Commission





MINUTES OF THE BOARD OF SUPERVISORS COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Larry J. Monteilh, Executive Officer Clerk of the Board of Supervisors 383 Hall of Administration Los Angeles, California 90012

Chief Administrative Officer

At its meeting held June 7, 1988, the Board took the following action:

100

Supervisor Schabarum made the following statement:

"In February 1987, the Board appointed the Chief Administrative Officer as Acting Director of the Facilities Management Department and directed him to submit for Board approval Ordinance amendments to provide for a restructuring of the department.

"In October 1987, the Board rejected a proposal to consolidate the Purchasing and Stores Department and the Department of Facilities Management with the Chief Administrative Office. It now appears, however, the proposed consolidation is being accomplished administratively through the budget process in establishing the Internal Services Agency as part of the Chief Administrative Office.

"The Department of Facilities Management is large and complex, with many functions and requires close attention to details. As the Chief Administrative Officer does not have the necessary time to devote to this function, I am recommending that the department be restored to its former status."

Therefore, on motion of Supervisor Schabarum, seconded by Supervisor Hahn, the Board ordered that the Department of Facilities Management be restored to its former status as a separate department, and appointed William F. Stewart as Acting Director of Facilities Management, effective immediately.

(Continued on Page 2)

Syn. 100 (Continued)

Supervisor Antonovich made a substitute motion, seconded by Supervisor Edelman, to refer the matter to the Los Angeles County Citizens Economy and Efficiency Commission, and to instruct the Chief Administrative Officer to suspend implementing any budgetary or ordinance changes pending the report from the Commission and approval by the Board. Supervisor Antonovich's motion was duly carried by the following vote: Supervisors Edelman, Dana and Antonovich; Noes: Supervisors Schabarum and Hahn.

MIN1:c19.1

Copies distributed:
 Each Supervisor
 County Counsel
 Acting Director of Facilities Management
 Los Angeles County Citizens Economy
 and Efficiency Commission



BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

383 HALL OF ADMINISTRATION / LOS ANGELES. CALIFORNIA 90012

MEMBERS OF THE BOARD

PETER F SCHABARUM KENNETH HAHN EDMUND D. EDELMAN DEANE DANA MICHAEL D. ANTONOVICH

LARRY J. MONTEILH, EXECUTIVE OFFICER (213) 974-1411

September 14, 1988

Mr. Joe Crail, Chairman
Los Angeles County Citizens Economy
and Efficiency Commission
163 Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Mr. Crail:

At its meeting held September 13, 1988, on motion of Supervisor Deane Dana, the Los Angeles County Board of Supervisors appointed the Chief Administrative Officer as Acting Director of Data Processing, effective September 17, 1988.

The Board discussed your Commission's recommendations of September, 1983 and 1986 to consolidate a number of service functions including data processing and communications. On May 10, 1988, the Board requested your Commission to study and update its department consolidation and organizational recommendations with particular emphasis on vacancies in the department head ranks.

In addition, the Board has now requested that your Commission include in the report specific recommendations on the future organization of County data processing functions, communications and other facilities management and purchasing functions, as well as recommendations on the role of the Chief Administrative Officer.

Supervisor Schabarum voted in opposition to this matter.

Very truly yours,

LARRY J. MONTEILH EXECUTIVE OFFICER

LJM:r25:L21

c: Mr. John Campbell, Contact Los Angeles County Citizens Economy and Efficiency Commission



ATTACHMENT II

A JOINT ORGANIZATION AND PROCESS STUDY

OF THE

DEPARTMENT OF BEACHES AND HARBORS

PARKS AND RECREATION

PUBLIC LIBRARY

AND

FACILITIES MANAGEMENT DEPARTMENT

OF

LOS ANGELES COUNTY

CONDUCTED UNDER THE AUPICES OF THE

LOS ANGELES COUNTY

ECONOMY AND EFFICIENCY COMMISSION

OCTOBER, 1988



CONTENTS



General Observations27
County Organization27
Options Concerning Assets Management31
Potential for Merging Beaches or Other Units with Parks and Recreation34
Observations on Safety Police and Security Functions
A Stated Need to Stabilize and the Impact of Change41
Appendix I Commission Memo to Board46
Appendix II Memos to Departments49
Appendix III List of Interviewees56
Appendix IV Span of Control Model



INTRODUCTION

This report sets forth the general observations, findings and recommendations resulting from an organizational and Process study of four departments of Los Angeles County, conducted under the auspices of the Los Angeles County Economy and Efficiency Commission.

On May 10, 1988, on motion of Supervisor Schabarum, the Board of Supervisors asked the Commission to review the current status of implementation of the Commission's 1983 recommendation on county organization, with particular attention to vacancies in department head positions and the

role of the Chief Administrative Officer, and report back to the Board within ninety days. Since that time, several additional interests in staffing (as a result of department head resignations) and organization have been expressed by the Board, and referred to the Commission.

On August 1, 1988, the Economy and Efficiency Commission wrote the Board recommending several actions be taken (see. Appendix I - Letter from the Commission to Supervisor Dana), among which was the recommendation that the appointment of a new Director of Parks and Recreation and a Director of Regional Planning be deferred until the Commission had completed a review and reported back to the Board.

Because of the Board's interest in reducing the number of departments reporting to it, and the Commission's suggestion that current department head vacancies might provide opportunities for reorganization, the Board authorized, among other things, a joint project between the Commission and several departments to undertake a study of those departments. To assist in the conduct of the study, the Board directed that the departments cooperate with the

Commission in forming the necessary teams.

On August 12, 1988 the Commission requested the heads of four departments to appoint team members for this study. In response, Dean R. Smith, Chief of Administrative Services, Beaches and Harbors; Walta M. Smith, Personnel Officer III, Parks and Recreation; Mariko Kaya, Chief Technical Services, followed by Susan C. Curzon, Regional Administrator, North Region, Public Library; and, Deborah A. Turner, Executive Assistant, Facilities Management Department were appointed as the departmental team members. Richard E. Tunison, Principal Consultant, HRSAssociates, represented the Commission.

The Commission, as client, asked that the team engage as soon as possible and complete its work by October 14, 1988. Team organizational meetings were begun on Monday, August 22, and the first interviews were undertaken the next week. The report that follows describes the work of the study team and is herewith presented to the Task Force on Decision-Making and Organization of the Economy and Efficiency Commission for its review and disposition.

METHODOLOGY

This study utilized several sources for the accumulation of information. First, the team members themselves presented overviews of their respective departments including mission, objectives, organization structure, and recent history of change within those departments. Second, a variety of reports and studies prepared by the departments, the Economy and Efficiency Commission, and others was reviewed. Third, a large group of managers from the departments to be studied, along with several commissioners from those departments, was interviewed by the study team.

The list of interviewees was developed to provide a representative sample of line and administrative management of each of the four departments that would be consistent with the intent of the study. The lists were reviewed and endorsed by the respective department heads who then sent letters to their department interviewees advising them of the study and requesting their full cooperation (See Appendix II for samples of these letters). Then, interview appointments were scheduled beginning with full-team interviews of the four departments heads, followed by sub-team interviews of the balance of the group of interviewees. In all, approximately sixty people were interviewed during the period of Wednesday, August 31 through Thursday, September 29. (A list of interviewees is found in Appendix III.)

Four critique days were scheduled, one each week, during the course of the interviews for the purpose of exchanging information among team members and developing "wash lists" of issues for further probing and consideration in following interviews. Additionally, matters that appeared to be of special significance for inclusion in this report were identified so that more information and thought could be

directed to them over the remaining period.

At the conclusion of the interview phase of the study, the team met daily to review and evaluate what it had learned, to test conclusions, and to develop the findings and recommendations which are incorporated in this report.

The development of this report is a joint effort of the entire team and, although written by Richard Tunison, of HRSAssociates, it has the full concurrence of the team and reflects its findings and conclusions.

EXECUTIVE SUMMARY

The team members expressed strong belief that any organizational change should be justified by some reasonable expectation of improvement in services. Also, proposed changes, ideally, should be analyzed and well planned before the decision is made to implement the changes. Because of the limitations of time which constrained the study team from engaging in any significant research and analysis, and the wide range of opinions expressed on given subjects by those interviewed, the team was not prepared to make specific recommendations about structural change.

Nonetheless, considerable time was spent evaluating comments and ideas about how functions and major pieces of departments might be merged on the one hand, or further decentralized on the other. Internal processes and the provision of support services were also discussed extensively; and the relationship of department heads to the Board of Supervisors and the Chief Administrative Officer came under scrutiny.

Much discussion was devoted to asset management functions in their broadest sense. The pros and cons of departmental control and decentralization were played against the pros and cons of creating a new asset management function within the county that would centralize all related functions in a single department. Similarly, extensive discussions were devoted to merging Beaches into Parks and Recreation.

Likewise, the pros and cons of the present decentralized safety police functions were weighed against the pros and cons of a single department providing safety police services for the entire county. Also discussed, but not resolved, were concepts such as the merging of all craft support functions into one organization, merging data processing with any one of several other functions, placing safety police in

the Sheriff's Department, and merging all lifeguards into the Fire Department.

Relationships between users and service providers were examined and evaluated. The impact of contracting out and organization change was an issue with many interviewees and was discussed by the team extensively.

During the time allotted, the team did not feel it was able to assess the technical and organizational questions and resolve, what was viewed by many as, controversial issues. However, it has made, what it believes to be, eight important recommendations. These are listed below and are amplified in the <u>Findings Section</u> of this report where the basis of each recommendation is described in some detail.

Recommendation I

It is recommended that the County undertake an in-depth study of the role of the CAO in light of current conditions and future needs. If necessary, consideration should be given to the creation of a County Manager or pursuing the vote of the people on a

County Mayor option.

Recommendation II

It is recommended that a study be undertaken to define and set dimensions for asset management in the County, clarify the respective roles and responsibilities of the departments as they relate to asset management, determine the needs for standards and uniform systems, and establish guidelines for coordinated decision making in respect to asset utilization.

Recommendation III

In the interest of furthering entrepreneurship, it is recommended that steps be taken to assure department heads that income received from properties and other revenues generated by their departments will always accrue to the department unless there are such overriding needs on the part of the County that one-time funds transfers are necessitated.

Recommendation IV

It is recommended that both service providers and users

be instructed to create single-focus points, or contact individuals wherever possible. This will help coordinate service interfaces and provide timely two-way feedback on service and support systems to enhance performance measurement and ensure adequate quality and cost control. Further, departments should implement monitoring systems which will provide timely information to correct difficulties before they become encumbrances to programs and service.

Recommendation V

It is recommended that a review be undertaken to define and prescribe the appropriate level of county-wide professional, technical, communications, and operational standards for security forces and systems.

Recommendations VI

It is recommended that the balanced value of contracting out be studied in-depth with special consideration being given to the impact on employee effectiveness.

Recommendation VII

It is recommended that departments be reminded to build into their contracting plans the necessary follow-up and monitoring systems, as well as the financial resources needed to underwrite them, to assure the adequate performance of contract specifications.

Recommendation VIII

It is recommended that any organization change be preceded by a comprehensive plan for the management of change. The development and execution of this plan must have the full commitment of the Board of Supervisors and management and the full participation of the affected staff.

FINDINGS AND RECOMMENDATIONS

Following are the special findings and recommendations of this study. Additional information and background may be found in the section on General Observations.

FINDING I

There is a lack of clarity about the role of the CAO. There are expressed concerns about the CAO carrying out a dual role in which the office is both the controller of certain operational and administrative processes and at the same time the manager of operating functions, thereby acting as staff

and line at the same time. Some observers see this as a potential for a loss of evenhandedness.

In the present environment, department heads serve at the pleasure of the Board of Supervisors, but are governed in important ways by the CAO. Department heads set goals influenced by main mission requirements, program objectives, political pressures, financial opportunities and constraints, and the particular interests of the Supervisors, yet their individual performance is reviewed by the CAO who has the power to control, to a large degree, the funding and human resources needed to achieve departmental goals for which the department heads are held accountable by the Board.

It appears that department heads seek out the concurrence and support of Supervisors for some things and the approval of the CAO for others. There is no evidence of clear single authority. In fact, even though the department heads are appointed by the Board of Supervisors, and presumably report to the Board, the organization chart published recently in the 1988-1989 County Budget Book shows department heads reporting to the CAO.

Several managers see a solution to the overall problem in replacing the CAO with an appointed County Manager or an elected official, such as a County Mayor who would act as the county executive with appointive powers over the department heads and the clearer supervisory role over them that would follow. They do point out, however, that this would require a vote of the people and a similar proposition was voted down in the past.

Recommendation

It is recommended that the County undertake an in-depth study of role of the CAO in light of current conditions and needs, and also what the future might demand. If necessary, consideration should be given to the creation of a County Manager or pursuing the vote of the people on a County Mayor option.

FINDING II

There is no strategic and systematic process for managing the County's real estate assets and income producing properties.

Presently, some of the County's real property assets are

under the operational direction of departments, while others are under the direction of the Assets division of the CAO's office or the Facilities Management Department, also reporting to the CAO. Currently, the county manages more than four thousand separate facilities, both large and small, for its own use; large real estate developments like the Marina del Rey; and twenty or more other major parcels under consideration of development or re-development for the purpose of revenue generation. Additionally, several operating departments exercise control over revenue generating concessions occupying county owned or operated properties through contracts with outside businesses or suppliers of services.

Under the present arrangement, there is no clear system for tracking and accounting for these properties and contracts; assuring the application of desired business standards; auditing revenue performance; conducting consistent scheduled maintenance programs and allocating required maintenance funds; coordinating the pursuit of lease renewals and renegotiations; and, numerous other sound asset management practices.

Recommendation

It is recommended that a study be undertaken to define and set dimensions for asset management for the County, clarify the respective roles and responsibilities of the departments as they relate to assets and asset management, determine the needs for standards and uniform systems, and establish guidelines for coordinated decision making in respect to asset utilization.

FINDING III

Income generated by individual departments is looked upon as a vital financial resource for the independent use of those departments. The revenues received through rentals, concessions, parking charges, use fees, and the like, which come from programs, properties or facilities controlled by operating departments are used by those departments as an offset against operating or program costs. Sometimes, however, large amounts of reserves which have been accrued from these sources by individual departments, and have been set aside to cover future maintenance or refurbishment

expenses, have been reallocated by the Board to meet other county financial needs.

Particularly where entrepreneurial efforts have been successful in generating new income to the departments, such resources have come to be seen as a stabilizer of the budget base. The thought that these income streams could be taken out of the budget base raises fears. Since these forms of income are used to offset the cost of operations in the departments and assure the continuation of some programs and activities, their loss can be detrimental to the programs and act as a disincentive to those who have worked hard to generate them.

Recommendation

In the interest for furthering entrepreneurship, it is recommended that steps be taken to assure department heads that income received from properties and other revenues generated by the departments will always accrue to the department unless there is such overriding need on the part of the County that one-time funds transfers are necessitated.

FINDING IV

There is widespread dissatisfaction with the delivery of support services (maintenance, custodial, personnel, purchasing, data processing, etc.). Operating management frequently expresses dissatisfaction with the delivery of support services, whether or not they are being supplied internally by a service department, from units of the department itself, or by an outside vendor. Besides the obvious difficulty created by limited financial and personnel resources, the root of the problem seems to be a lack of complete communication. This creates problems where they need not exist.

There is a lack of mutual understanding. Service providers don't always fully understand the users' needs, and users don't always appreciate how the supplier may be impaired in meeting those needs. General planning and coordination is often weak and this leads to delays in service and the lack of ongoing feedback contributes to frustrations. When the quality of work is inadequate or the work is not complete on time, or delays occur in delivery of needed goods, the capacity of a department to provide services, carry on

programs, or complete projects is impaired.

Where these problems exist between operating departments and contractors they are sometimes amplified because of weaknesses in departmental monitoring and performance quality assessment systems.

Line managers have said they are not as concerned about who provides support services (internal service departments, a unit of the operating department, or outside contractors) as they are about the quality and reliability of support services.

Recommendation

It is recognized that most internal service providers are working to increase understanding of needs and shortcomings. This should be commended and reinforced. It is recommended that both service providers and users be instructed to create single focus points, or contact individuals wherever possible. This will help coordinate service interfaces and provide timely two-way feedback on service and support systems to help measure performance and ensure adequate

quality and cost control. Further, departments should implement monitoring systems which will provide timely information to correct difficulties before they become encumbrances to programs and services.

FINDING V

At the present time there is no unifying program that assures the consistent application of minimum security standards and technologies county-wide, nor is there a county-wide security communications network that assures instant contact among security units and dispatchers. Although FMD operates a substantial security force that provides both roving patrols and stationary security services at prescribed facilities across the county, several other departments provide or contract for security services to meet their needs at their own facilities. There is linkage among these groups by virtue of a security council which meets periodically, but the group is not chartered to establish county-wide overlying conditions or, as a group, direct the modification of departmental operating standards and procedures.

Recommendations

It is recommended that a review be undertaken to define and prescribe the appropriate level of county-wide professional, technical, communications and operational standards for security forces and systems.

FINDING VI

There is confusion and uneasiness about the ultimate objective of the policy on contracting out. Initially, contracting out was advanced in the county as a viable means of reducing overhead, lowering staffing requirements, cutting operating costs, and improving service. Because of the potential for negotiating service contracts with outside vendors who could pay their help at rates lower than the county standards, or who had capacities to provide more efficient services, managers were encouraged to contract out wherever efficiencies, cost reductions or cost avoidance could be achieved. Recent changes in the rules, however, removed the necessity of cost saving as a decision criteria and appear to have placed the emphasis on contracting out for the sake of contracting out, or contracting out because the

private sector can simply do the job better.

There are many potential benefits from contracting including: cost savings, cost avoidance, improved operating methods, or the release of staff for more important activities. However, there has also been a negative impact on employees' perceptions regarding job security and long term career opportunities in the County. In addition, talk about contracting out main mission activities has amplified these concerns. If these feelings are left unchecked they may well escalate and further reduce productivity, contribute to increased turnover rates, and encourage the exodus of high performers.

Although the County has realized benefits from the contracting program, little or no attention has been given to the potentially offsetting cost of decreased employee effectiveness on County operations.

Recommendation

It is recommended the the balanced value of contracting out be studied in-depth with a special consideration being given

to the impact on employee effectiveness.

FINDING VII

There is frequently an associated administrative requirement or cost to contracting out that has not been planned for or anticipated by operating managers. In an effort to achieve contracting out goals and the anticipated savings, some situations have developed where the quality of services has declined because decision makers failed to create, or financially allow for, the follow-up systems necessary to assure the delivery of quality service by the vendors employed. As a result, contracting out has become a new kind of burden to managers who thought they were getting rid of functions or activities only to discover the responsibility remains without the effective means of monitoring and controlling services provided by the vendor. Although the contract specifications may be good in terms of what job is to be performed by the contractor, there is not always a clear understanding on the part of the department, at the time, of what quality assurance entails. In one department, as an example, outside custodial services were contracted as a cost saver. Early on new internal procedures were discovered to be necessary to monitor contractor performance, and record and report deficiencies and breakdowns. Managers and supervisors of operations are now brought into the maintenance loop as custodial overseers where that was previously not their responsibility.

Recommendation

It is recommended that departments be reminded to build into their contracting plans the necessary follow-up and monitoring systems, as well as the financial resources needed to underwrite them, to assure the adequate performance of contract specifications.

FINDING VIII

organizational changes require well thought out planning and implementation. Some recent past organization changes have been executed without full analysis and planning for change. The absence of such analysis and planning has allowed problems to occur which have prevented a smooth and more

successful transition from the old to the new organizational configuration. Such critical elements as: the new mission; underlying organization structure; roles and responsibilities; the identification of staffing requirements; thoughtful personnel selection; communications with effected parties and constituencies; and, so on, have been delayed or overlooked to the extent that the ultimate objective of the organization change has been put at risk.

(See the section on General Observations for greater detail.)

Recommendation

It is recommended that any organization change be preceded by a comprehensive plan for the management of change. The development and execution of this plan must have the full commitment of the Board of Supervisors and management and the full participation of the affected staff.

GENERAL OBSERVATIONS

County Organization

All of the department heads and most of the upper level department managers were asked, when they were interviewed, if they saw the need for a basic change in the County's organization. This question always elicited thoughtful, though sometimes differing, replies.

One consistent focus of attention was on the relationship of the department head to the top, whether the "top" was viewed as the Board of Supervisors or the Chief Administrative Officer. (On this question there was wide interest and discussion, not limited to the department heads alone.)

Perhaps the most frequent difficulty cited by interviewees was the ambiguity created by the role of the CAO. Department heads serve at the pleasure of the Board; however, how greatly the CAO influences departmental policies and how department heads get their jobs done is a concern. It is unclear how much stroke the CAO has in hiring and firing department heads, and whether the CAO's office is staff to the Board, or whether it is staff and an operating department at the same time.

Concerns about the role of the CAO were matched by concerns about the Board. The managers interviewed see the the Board's roles in terms of global decisions and responsibilities. Managers are very conscientious about the execution of their own responsibilities and are quite naturally concerned when the Supervisors, or their representatives, reach down into departments to influence the day-to-day kinds of activities. When such interventions occur, there is almost always an immediate compliance reaction. Sometimes this distracts from planned operations and disrupts planned activities. All managers understand the

political realities of County Culture, but this particular reality, if changed, would never be missed.

The other side of this issue is the fact that all department heads value highly their ability to directly access the Board members. They see this as a means of keeping their fingers on the pulse of County Government, and, at the same time, being strong advocates and protectors of their own operational interests.

On a closely related subject, most managers at the upper levels of the departments liked the idea of a County Manager or an elected County Mayor, who would have the power to hire and fire department heads. This was clearly seen as a way of resolving the very important authority issue, and would presumably allow department heads to get on with their business with fewer distractions.

Another important organizational issue, often discussed in the interviews, was the option of restructuring the departments into super agencies to reduce the Board's span of control. (See Appendix IV for an approach to determining the

optimal span on control.) Here again, there were views expressed on both sides of the issue. Interestingly, although such a move was seen as advantageous to the Board, because it would consolidate departments into five or perhaps seven major groupings, each reporting to the top, it was also seen as a block to the kind of direct access to the Board the department heads now enjoy. Additionally, some managers saw super agencies being too large and unwieldy. It was felt that there would be a tendency to create new high level jobs and that the top positions could not be filled in the existing County salary constraints.

The creation of super agencies was also viewed as a step back toward centralization, and most interviewees found this counter to the current trend toward decentralization. Yet, some interviewees cited organization configurations in other counties that were built around super agencies that seem to be working. It was pointed out by some interviewees that the Facilities Management Department is, in fact, moving into a super agency mode now (the ISA concept), and there is no certainty that it will be successful in achieving its goal. On reviewing the balance of input, it appears that there is

less support for the creation of super agencies than there is for a substantive change in the role of the CAO.

Options Concerning Assets Management

The very broad spectrum of County assets was discussed in many interviews. Some managers restricted their comments primarily to aspects of the subject that directly related to their own departments. Other managers looked upon the subject in the broadest terms and saw a variety of means of enhancing asset management across the County. Because of the openness of the interviewees, alternatives ranging from leaving everything the way it is to creating a ventralized asset management function were discussed. Some interviewees were quite open to the idea of centralizing asset management while others had grave reservations.

The broadest concept of asset management discussed was one which encompassed and centralized property development and project management; surplus properties and underutilized assets; the negotiation and ongoing management of leases and concessions; space management and space leasing; permits and

rights of entry; strategic planning for the use of income streams; and the development and maintenance of a composite master file of assets and a tracking and evaluation system. Various intermediate states between this concept and the present decentralized mode were also discussed.

Generally, those managers who were involved in leasing or contracting with concessionaires, particularly when such decisions impacted on programs or services, saw a very strong need for a close relationship with the lessee. This meant close from the standpoint of communication and close in proximity to the property or concession. It was often pointed out that this closeness was what made things go right, and if the responsibility for contract and lease negotiation were "moved downtown" something important would be lost. Many of these managers also expressed concerns about the drive and creativity that could be lost if the incentive to make something work for the sake of the operating department and its mission were not in the picture. Likewise, the operation of special facilities, such as golf courses, might lose important links to program interests if the lease contracts were out of the hands of the departments. Another major concern about centralization of asset
management was that the income and revenue now generated by
the various departments through their leasing and other
entrepreneurial efforts would be lost to the departments, the
money going into the General Fund. Finally, some observers
simply said centralization was not where the County was
headed.

Some interviewees could argue both sides of the issue, and did. They recognized the value of decentralizing such activities to the field level, but they also saw some weaknesses in decentralization, particularly the lack of full coordination. They saw opportunities for improvements in some movement toward centralization. Several interviewees identified a need for a coordinated planning process that would focus on setting long-term, intermediate, and short-term asset utilization and management goals. Others mentioned the value in pulling all the real estate people together in a single unit where there could be some synergisms.

In reviewing the extent of the County's real property base,

several interviewees emphasized that the County controlled more than four thousand facilities and over 40,000,000 square feet of space, and, that there is an impressive list of unimproved properties yet to be developed that offered great potential for new income to offset lost or reduced tax revenues over the coming years. All of this, they pointed out needs strong use coordination, accounting, and control in order to be properly exploited.

It is interesting to note that the Commission on California State Organization and Economy cited some of the same concerns in its March, 1986 report to the Governor and leaders of the State Legislature, regarding the management of the State's real property. A key recommendation of the State study treats the last point in the preceding paragraph. It says, "Adopt an organizational structure for State property management which establishes mechanisms designed to assure accountability of decision making. Such structure should centralize policy development, require the development of operational plans, establish procedures for accountability, and monitor accomplishments of measurable objectives."

Potential for Merging Beaches or Other Units with Parks and Recreation

Since the study team was unable to reach a conclusion about the appropriateness of pulling asset management together, it was not necessary to address, in a final sense, whether or not Beaches should stand alone or be merged with Parks and Recreation, or some other department. The alternatives were discussed at length, however, and many interviewees expressed their opinions.

For the most part, merging Beaches with Parks and Recreation was considered as the most plausible choice if any move were to be undertaken. Beaches had been a part of the Parks Department some years ago, and there are similarities in operations. Both departments share concerns about public safety, they have major maintenance operations, are active in entrepreneurial pursuits, and they have interests to a greater or lesser degree in recreation programs. Beaches would fit nicely into the present Parks and Recreation Department organization, either as a stand-alone function or a part of one or more of the Parks and Recreation

Department's Regions.

On the other hand, several interviewees pointed out that
Beaches was separated from Parks and Recreation for some
important reasons. Also, in the past the Department of
Beaches has been merged with the City of Los Angeles, Santa
Monica, and the Department of Small Craft Harbors, and it has
taken some time to recover from the trauma of these
organizational changes. It was emphasized that lifeguards
have a very strong bond and high esprit de corps. These
factors help make the division the highly regarded unit it
is. To "lose" them in the Department of Parks and Recreation
might do severe damage to their morale. The alternative of
leaving Beaches as a stand-alone department, if the asset
management function relating to Marina del Rey was placed
elsewhere, did not have much support, but there were also no
apparent operational reasons for recommending the merger.

In regard to other potential consolidations, some interviewees did comment favorably on the prospects of merging the Arboreta and Botanic Gardens into Parks and Recreation. It was pointed out that there are some strong

similarities and Arboreta is a relatively small department and could probably be merged without much difficulty; however, it was pointed out the main missions of the two departments are not congruent, and they utilize different support groups. On balance, there was not much enthusiasm for the idea, however, no one from Arboreta was interviewed.

Interviewees were also asked to comment on the merits of merging Public Library and Parks and Recreation. Relatively little was seen as worthwhile about this idea. Despite the fact that some libraries are located in or near local parks, no strong relationships were drawn.

Observation on Safety Police and Security Functions

There was considerable discussion with interviewees about safety police and security functions in the several departments. Some security work is now being contracted out, the Department of Parks and Recreation contracts for security at the Hollywood Bowl, as an example: and, the Facilities Management Department uses contract security in a number of County buildings. These services were generally seen as

appropriate as presently handled and working reasonably well.

Differences in viewpoint were most frequently expressed in regard to safety police patrol activities, and whether or not there is a need for standardization of systems and technologies, and the way safety police forces are deployed and coordinated.

Among the departments this study investigated, Parks and Recreation and Facilities Management were the two with safety police forces working County-wide. The two functions are completely separate and report differently within their respective organizations. For example, in Parks and Recreation, security has been placed in the Park Patrol units of each of the three regions in that department. In Facilities Management, security is centralized in the General Services Branch.

There were many advocates for consolidating security into a single department, but for the most part they were Facilities Management interviewees. Parks and Recreation interviewees tended to be opposed to consolidation because they felt the present level of park security would be jeopardized if the

responsibility for providing those security services were taken out of the department. Their point was that safety police patrols are now assigned by Parks and Recreation to cover its parks on the basis of very careful needs evaluation. Gang activities and vandalism are of critical concern because they place park goers and the park facilities at risk; the operation of regional parks and the many Community activities that are carried out at such facilities vary to the degree that coordination and assignment of security forces is best done at the "local level" where there is an assured understanding of the day-to-day needs. this was the caution that in a consolidated security organization, forces presumably could be called away from the assigned location or route to respond to a security problem elsewhere in the county, thus leaving the assignment uncovered. Further, there was expressed concern that if park patrol personnel became a part of a greater single mission unit it could take on a more paramilitary disposition that would not be in keeping with the friendly public image the Department of Parks and Recreation wishes to project. Simply stated, there was little faith by Parks and Recreation that their security needs would be successfully met if the

security responsibility were placed in the Facilities
Management Department.

Others, however, talked about the value of combining patrol forces across the county into a single unit so that strategic deployment could be achieved. Some interviewees pointed out that FMD security patrols are routinely driving right by local parks on their assigned rounds and could easily include the park in their periodic inspections if it were not for the jurisdictional separations. Additionally, it was felt a merged force would provide better and more efficient coverage. Considerable argument was given in support of a need for strategic deployment of forces, which concept included knowing where units were located at any given time; and, for the training and professional development opportunities a unified function could offer. On other aspects of coordination, some identified the fact that County security forces and contract security are separated and without good coordination; there is not an effective coordination of interests in the selection, installation and monitoring of alarm systems; and little coordination in the selection of equipment and its maintenance. A strong point

was made of the need to effectively gain the attention and support of management and place the security function at a higher place in the organization. If such occurred, it was felt that security planning could be exercised to address the normal day-to-day security needs and then the contingency requirements of the County, in a more effective way. (These matters were not discussed with representatives of Health Services, Museum of Art, and Museums since that was beyond the scope of the study.)

A Stated Need to Stabilize and the Impact of Change
On several occasions interviewees told the study team, "No
more change. Let us settle in." Facilities Management
interviewees in particular, told of the difficulties
encountered when units were brought together at the time of
the consolidations. Only now is the department beginning to
see the light at the end of the tunnel, efforts are still
under way to give the department unity and direction.

Considerable planning for change occurs in every department and yet many of the managers and supervisors interviewed in

the process of this study expressed their concerns over the failures of past consolidations and organization changes. Few said they thought the outcome was superior to the earlier state and on more than one occasion, the expression, "slammed together" was used in reference to organization consolidations. There appeared to be confusion over the level of planning. Some managers referring to comprehensive plans while other managers, in the same organizations, indicated they had no awareness of a plan. Such confusion indicates a dysfunction in the management of change and can be corrected by a comprehensive, structural approach that is supported by the full resources of the County.

In general, the management of change should contain the steps of analysis, design, development, implementation and evaluation. This study revealed three critical failures in the management of change in the County.

First, all too frequently, the decision to change the structure was made before the analysis was done. There appears to be some misunderstanding that a concept as an idea for change is the same as the fact-based analysis of the need

to change. In addition once the decision was made, it appeared to be irrevocable although in the effective management of change, there are many decision points through the various steps. Change that is no longer feasible under further study or testing should be aborted and the department head should have the latitude to reject unworkable change.

The second critical failure was in a lack of knowledge of the proper sequence of change. All too often, implementation occurred before full planning had taken place. Frequently the terms implementation and planning were used interchangeably which cause implementation to precede planning, hence, the comment "slammed together." Design and development must take place before implementation.

The third critical failure was the failure to consider people in the design. This is not to say that people were not considered. On the contrary, in general, the County is people-oriented. However, in change of any magnitude, participation, feedback and communication must be part of the origin of design. Successful change has high levels of visibility and participation. In addition, those who are

primarily responsible for the management of change must be highly skilled in listening. Some failure of change can be attributed directly to the various managers' ability to hear the feedback in the change.

The effective management of change is a highly specialized skill and it should not be generally assumed that every manager has these abilities. It should be a requirement that before change of any magnitude occurs in a department that the managers receive comprehensive training not only in the structure of change but in the impact of change on individuals. An understanding of the latter in particular would help reduce the drop in productivity and reduce employee alienation that comes about as a result of poorly planned change.

In addition, whenever possible, for change of any magnitude, the departments should consider the use of a change consultant to walk them through the various steps of the change.

Organization change places considerable stress on the

organization. Our ability to handle it well demonstrates the effectiveness of the management. Such effectiveness is manifested in a structured and sophisticated approach to the management of change.

ECONOMY AND EFFICIENCY COMMISSION

ROOM 163, HALL OF ADMINISTRATION / 500 WEST TEMPLE / LOS ANGELES, CALIFORNIA 90012 / 974-1491

August 1, 1988

Joe Crail, Chairperson Robert J. Lowe, Vice Chairpers

George E. Bodle Gunther W. Buerk Lack Orown Dr. Edward H Erath Louise Frank Dr. Alfred J. Freitag Chun Y Lee Abraham M. Lune Lauro J. Neri Arthur J. Pomer Edward Rosemen Doris K. Saward Deniel M. Shapiro Randolph B. Stockwell Wally Thor Robert L. Williams Efrem Zimbeliat, III

Hon. Deane Dana Chairman, Board of Supervisors 822 Hall of Administration 500 West Temple Los Angeles, CA 90012

Dear Supervisor Dana:

On May 10, 1988, on motion of Supervisor Schabarum, the Board of Supervisors asked our commission to review the current status of implementation of our 1983 recommendations on county reorganization, with particular attention to the current vacancies in department head positions and to the role of the Chief Administrative Officer, and to report within ninety days. On June 7, 1988, you referred for inclusion in our work the proposal of Supervisors Schabarum and Hahn to remove operating responsibility from the Chief Administrative Officer, by restructuring Facilities Management and Purchasing into departments reporting directly to the Board. On June 21, 1988, you hired two recruitment firms to assist in the search for replacement department heads. On June 28, 1988, the Director of Regional Planning resigned, thus creating another department head vacancy, and the

CAO announced a plan to evaluate the option of merging the Regional Planning functions with the Department of Public Works.

We have considered the issues and several alternatives, based on our belief that the 1983 recommendations on reorganization should still be a priority for the Board in developing an effective and efficient structure for county services. We have not completed a fully documented report, and we have not yet concluded the consultation with department officials that is necessary to finalize our recommendations. However, we have the following current recommendations, based on our work so far.

- 1. Defer appointing new Directors of Parks and Recreation and Regional Planning until our final report. Our current findings convince us that the vacancies in these departments create significant opportunities for reorganization that have not been considered, and that the vacancies should not be filled until you have considered and acted on our report.
- 2. Authorize us to obtain the participation of officials of the Public Library, the Departments of Parks and Recreation, Beaches and Harbors, Regional Planning, and Public Works to assist us in preparing our final recommendation for restructuring the functions of those departments into a smaller number of departments.
- 3. Authorize us to obtain the participation of officials of the Chief Administrative Office, including the Chief Administrative Officer, the Director of Facilities Management, the Purchasing Officer, and the Director of Personnel in our work to design a restructuring of the roles and functions of the Chief Administrative Office that provides both for standardization of administrative functions countywide and an objective source of staff information for the Board of Supervisors.
- 4. Direct the Public Librarian, the Director of Beaches and Harbors, the Acting Director of Parks and Recreation, the Acting Director of Regional Planning, the Director of Public Works, and the Chief Administrative Officer to cooperate with our task force in forming the necessary teams.

- 5. Request that the other elected officials of the County work with us should we need their assistance in analyzing the various alternatives.
- 6. Establish a due date for report and action on these items of not later than November 30, 1988.

Very truly yours,

Joe Crail, Chairman

Robert J. Lowe, Chairman, Task Force on

gedrait!

Decision-Making and Organization

Members of the Task Force (signatures on file) George E. Bodle Jack Drown Dr. Alfred J. Freitag (absent - out of town) Abraham M. Lurie Lauro J. Neri Arthur J. Peever Doris K. Seward

cc: Each Supervisor

Linda F. Crismond
H. E. Davis, Jr.
Donald R. Deise
Richard B. Dixon
James Hartl
Edgar H. Hayes
Norman Murdoch
James I. Okimoto
Ted Reed
William F. Stewart
Thomas A. Tidemanson

DEPARTMENT OF BEACHES AND HARBORS

August 26, 1988

To:

From: Ted Reed, Director

Subject: ORGANIZATION STUDY

During the next few weeks, our department will be participating in an organizational study under the leadership of the Citizens Economy and Efficiency Commission. Other departments taking part are Parks and Recreation, Facilities Management, and the Public Library. The study will explore ways of bringing organizational units and functions together in ways that will enhance the County's programmatic and operational achievements. Be assured that there is no preconceived "agenda" for the study and that the outcome will result from the information generated by the study.

I am pleased to announce that Dean Smith will be representing our department as a member of the organization study team.

A very important part of the study process is the collection of information, comments and ideas from key individuals who are knowledgeable in the operation of the participating departments. This will be accomplished through interviews conducted by study team members (other than Dean). I am scheduled to be interviewed by the team, myself, next week. You have been identified as one who can make significant contributions to the team's efforts, too. If he has not already called, Dean will be in touch with you to schedule your individual interview. I will appreciate your full cooperation with the study team. The interview will be conducted in your office, and will be treated as strictly confidential. Nothing you say will be attributed to you in the team report, so I encourage you to share your thoughts and ideas openly and freely.

I am sure you can appreciate that scheduling as many as eighty interviews, all over the County, in a timely manner, will not be easy. Please do what you can to juggle your schedule to fit the interview scheduling needs. We need to do all we can to support this study effort.

TR:DRS:be

August 26, 1988 Page 2

I'm sure you appreciate scheduling a series of interviews among several departments, in a timely order, will not be easy. Please do what you can to juggle your schedule to fit the interview scheduling needs. We need to do all we can to support the study effort.

LFC:MK:cpp/8/71/TS/EX

cc: Ad Con



COUNTY OF LOS ANGELES DEPARTMENT OF BEACHES AND HARBORS



August 26, 1988

TED REED
DIRECTOR
ERIC BOURDON
ASSISTANT DIRECTOR
STAN WISNIEWSKI
DEPUTY DIRECTOR

Mr. David Boran, Chairman Small Craft Harbor Commission 3282 Devon Circle Huntington Beach, California 92649

Dear Dave:

During the next few weeks, our department will be participating in an organizational study under the leadership of the Citizens Economy and Efficiency Commission. Other departments taking part are Parks and Recreation, Facilities Management, and the Public Library. The study will explore ways of bringing organizational units and functions together in ways that will enhance the County's programmatic and operational achievements. Be assured that there is no preconceived "agenda" for the study and that the outcome will result from the information generated by the study.

I am pleased to announce that Dean Smith will be representing our department as a member of the organization study team.

A very important part of the study process is the collection of information, comments, and ideas from key individuals who are knowledgeable in the operation of the participating departments. This will be accomplished through interviews conducted by study team members (other than Dean). I am scheduled to be interviewed by the team, myself, next week. You have been identified as one who can make significant contributions to the team's efforts, too. If he has not already called, Dean will be in touch with you to schedule your individual interview. appreciate your full cooperation with the study team. The interview will be conducted in your office (home or other convenient location), and will be treated as strictly confidential. Nothing you say will be attributed to you in the team report, so I encourage you to share your thoughts and ideas openly and freely.

Mr. David Boran August 26, 1988 Page 2

I am sure you can appreciate that scheduling as many as 80 interviews, all over the County, in a timely manner, will not be easy. Please do what you can to juggle your schedule to fit the interview scheduling needs.

Very truly yours,

Ted Reed, Director

TR:DRS:cr



RECEIVED

AUG 26 1988

August 26, 1988

. Lu. Lin. DIV.

TO:

Sandra Reuben
Margaret Wong
Wini Allard
Wendy Romano
Julia Orozco
Carol Moss

David Flint
Mariko Kaya

James Kennedy

John Starrs

Sandy Duncan

FROM:

Linda F. Crismond County Librarian

SUBJECT:

ORGANIZATION STUDY

During the next few weeks, our department will be participating in an organization study under the leadership of the Citizens Economy and Efficiency Commission. Other departments taking part are Beaches and Harbors, Parks and Recreation, and Facilities Management. The study will endeavor to find ways of bringing organization units and functions together in ways that will enhance our programmatic and operational achievements.

I'm pleased to announce that Mariko Kaya and Susan Curzon will be representing our department as members of the organization study team.

A very important part of the study process is collection of information, comments and ideas from many of the key personnel in the participating departments. This will be accomplished through individual interviews conducted by study team members. I expect to be interviewed by the team, myself, next week. You have been identified as one who can make significant contributions to the team's efforts, too. In the next few days, Mariko will be in touch with you to schedule your individual interview. I will appreciate your full cooperation with the study team. The interview will be conducted in your office and will be treated as fully confidential. Nothing you say will be attributed to you in the team report, so I encourage you to share your thoughts and ideas openly and freely.

August 29, 1988

TO:

Fred Palmer Field Support Division

FROM.

Jim Okimoto

SUBJECT: ORGANIZATION\STUDY

The Economy and Efficiency Commission has requested that our department participate in an organizational study during the next few weeks. Other departments taking part are Beaches and Harbors, Facilities Management and Public Library. The study, under the leadership of the Economy and Efficiency Commission, is designed to determine the feasibility of bringing organizational units and functions together in ways that will enhance our programmatic and operational achievements.

I'm pleased to announce that Walta Smith will be representing our department as a member of the organization study team.

A very important part of the study process is the collection of information, comments and ideas from many of the key personnel in the participating departments. This will be accomplished through individual interviews conducted by study team members. I expect to be interviewed by the team, myself, this week. You have been identified as one who can make significant contributions to the team's efforts, too. In the next few days, Walta will be in touch with you to schedule your individual interview. I will appreciate your full cooperation with the study team. The interview will be conducted in your office and will be treated as fully confidential. Nothing you say will be attributed to you in the team report, so I encourage you to share your thoughts and ideas openly and freely.

I'm sure you appreciate that scheduling a series of interviews among several departments, in a timely order, will not be easy. Please do what you can to juggle your schedule to fit the interview scheduling needs. I want to ensure that the study team receives the ideas and thoughts of our departmental staff members on this important subject. Please be assured that the Economy and Efficiency Commission nor the study team has developed any foregone conclusions. Thus, it is important for you to provide your input to the process.

WMS:st

FACILITIES MANGEMENT DEPARTMENT MEMORANDUM

August 29, 1988

To: F1

From: Bill Allen

Chief Deputy Director

Subject: ORGANIZATION STUDY

During the next few weeks, our Department will be participating in an organizational study under the leadership of the Citizens Economy and Efficiency Commission. Other departments taking part are Beaches & Harbors, Parks & Recreation, and Public Library. The study will endeavor to find ways of bringing organizational units and functions together in ways that will enhance our programmatic and operational achievements.

The Economy & Efficiency Commission has organized a team approach using personnel from each of the departments involved in the study. Debbie Turner will be representing our Department on the study team.

The study team is presently familiarizing themselves with the participating departments and will be interviewing key personnel from each of them. Debbie will be contacting you shortly to schedule an appointment for the team members to meet with you. Attached is a listing of other personnel in FMD who will also be interviewed.

Please extend your full cooperation to the study team. The interview, which will be conducted in your office, will be treated as fully confidential. Nothing you say will be attributed to you in the team report, so I encourage you to share your thoughts and ideas openly and freely.

WFS:DT:t

APPENDIX III

List of interviewees

Department of Beaches and Harbors

Ted Reed Director

Eric Bourdon Assistant Director

Stan Wisniewski Deputy Director. Adminstration

Chris Klinger Deputy Director, Assets Management

Wayne Schumaker Chief, Safety and Sanitation

Julius Apusen Assist Chief, Safety and Sanitation

Richard Hapner Data Systems Manager

Richard Landon Principal Real Property Agent

Larry Charness Chief, Planning

Howard Lee Assist. Chief Lifeguard

Steve Voorhees Lifeguard Captain

Ken Johnson Chief, Community Services

Ira Gruber Senior Ocean Lifeguard

Dave Boran Commissioner, Small Craft Harbors

Vic Adorian Consultant and former Director

Robert Rudolf County Counsel

Lou Weider President, Marina Lessee Assoc.

Norman Miller Chairman, Beach Advisory Board

Facilities Management Department

Bill Stewart Dep. Chief Administrative Officer

Bill Allen Chief Deputy Director

Frank Work Senior Deputy Director

Jim Abbott Senior Deputy Director

Bernard Flood Senior Deputy Director

Phil Pennington Deputy Director

Kem Wellcome Deputy Director

Thane Durst Deputy Director

John Anderson Deputy Director

Ian Clark Controller Functions

Tom Schriber Chief, Project Management

Arnold Fogleman Chief, Program Development

Claus Marx Chief, Leasing and Revenue

Dick Andino Chief, Valuation and Acquisition

Dave Hetzel Security Consultant

Office of the Chief Administrative Officer

Bill Kreger Assistant Administrative Officer

Bill Lewis Lease Administrator

Norm Murdoch Director of Economic Planning

Public Library

Linda Crismond County Librarian

Sandra Ruben Chief Deputy

David Flint Chief, Administrative Services

Margaret Wong Chief, Public Services

Mariko Kaya Chief, Technical Services

Wendy Romano Manager, Biographical Access

John Starrs Director of Marketing

Julia Orozco Administrator, West County Region

Sandy Duncan Community Library Manager

Wini Allard Adult Services Coordinator

Jim Kennedy Departmental Data Processing Mgr.

Carol Moss City of Long Beach

Department of Parks and Recreation

Jim Okimoto Acting Director

John Weber Assistant Director

Sam Jones Assistant Director

Jeff Wheeler Regional Operations Manager

Carl Moore Safety Police Chief III

Margaret Guerrero Regional Recreation Director

Jerry Figliuzzi Building and Crafts Superintendent

Joe Swoboda Regional Grounds Maint Supervisor

Olene Shipley Regional Park Superintendent

Tony Yakimowich Chief, Budget and Management Serv.

Jim Park Head Park Planner

Fred Palmer Head, Transport. and Equip. Serv.

Bill Harvey Chief, Contract and Revenue Devel.

Jim Bishop Commissioner

Gloria Heer Commissioner

APPENDIX IV

One Approach to Determining the Optimal Span of Control
The practical solution to the span of control problem is to
identify the specific factors which are important in a
particular situation. One such solution was undertaken at
Lockheed Missiles and Space Company where a model for
determining the optimal span was devised. (A modification of
Harold Stieglitz, Optimizing Span of Control, 1962.) After
carefully considering and observing the flow and job
requirements at Lockheed, the developers of the model
concluded that the following variables must be considered in

establishing spans of control:

- 1. Similarity of functions
- 2. Geographic closeness of subordinates
- 3. Complexity of functions
- 4. Direction and control required by subordinates
- 5. Coordination required
- 6. Planning importance, complexity, and time required
- 7. Organization assistance received by supervisor

Each of these variables was assigned weights. The weightings reflect the importance of each of the variables and are summarized in the following table.

The most important variable is direction and control with a minimum weight of 15. This factor reflects the time necessary for directing and controlling the units within the organization. The weight values were based on common sense, experience, and experimentation with 150 different situations in Lockheed.

LOCKHEED MEIGHTING SCALE

Span	Factor
------	--------

Similarity of functions	Identical	Essentially alike	Similar	Inherently different	Fundamentally distinct
	1	2	э	4	5
Seographic contiguity	All tagether	All in one building	Separate buildings 1 plant location	Separate locations 1 geographic area	Dispersed geographic areas
	1	2	3	14	5
Complexity of function	Simple repetitive	Routine	Some complexity	Complex varied	Highly complex varied
	2	4	6	9	10
Direction and control	Minieum supervision	Limited supervision	Moderate periodic supervision	Frequent continuing supervision	Constant close supervision
	3	6	9	12	15
Coordination	Miniaum relation with others	Relationships limited to defined courses	Moderate relation- ships easily controlled	Considerable close relationships	Extensive autual nonrecurring relationships
	2	4	6	8	10
Planning	Miniaum scope and complexity	Limited scope and complexity	Moderate scope and complexity	Considerable effort required guided only by broad policies	Extensive effort required: areas an policies not charted
	2	4	6	9	10

Source: Adapted from Harrold Stieglitz, "Optimizing Span of Control," Hanagement Record (September 1962) page 27.

In the Lockheed study, every management position was evaluated, and point values for each of the variables was assigned. The point values were summed and the resultant figure was termed the "supervisory index." This index reflects the supervisor's burden arising from the type of work of the unit. The higher the index the greater the burden and consequently the narrower the appropriate span of control. Suggested spans of control were developed for middle-management positions and are shown in the table which follows.

Supervisory	Suggested		
Index	Standard Span		
40-42 37-39 34-36 31-33 28-30 25-27 22-24	4-6 4-7 5-8 6-9 7-10		

Adapted from Harold Stieglitz, "Optimizing Span of Control," Management Record (September 1962), page 29

The Lockheed model is a systematic device to use when studying span of control. It focuses attention on important

organization variables which significantly effect the span of control.

ATTACHMENT III

A SUPPLEMENTARY REPORT

ON THE

JOINT ORGANIZATION AND PROCESS STUDY

OF OCTOBER 1988

SUBMITTED BY

RICHARD E. TUNISON

OCTOBER 20, 1988

HRS ASSOCIATES

Consultants in Human Resource Management,



SUPPLEMENTARY REPORT

This report has been prepared by Richard E. Tunison, consultant of HRSAssociates. It is submitted to the Economy and Efficiency Commission as an independent supplement to the <u>Joint Organization and Process Study</u> report on the Department of Beaches and Harbors, Parks and Recreation, Public Library and Facilities Management Department, which report was submitted separately. Mr. Tunison was the facilitator of the Joint Study Team and authored its report as well.



The Joint Study Team report contained eight findings and recommendations. Although those findings and recommendations are important in their own right, the consultant feels that the Team was unable to go as far in its deliberations as known and available information might have warranted. This supplementary report arises from the consultant's own observations that existing conditions do justify substantive recommendations on structure change.

RECOMMENDATION I

It is recommended that a new Asset Management Division be created by combining certain functions and activities now under the CAO's Asset Management Division, Facilities

Management Department, and Beaches and Harbors (specifically those activities related to Marina del Rey). The head of this division would report directly to the CAO.

FINDING

The December 1986 report on <u>Property Management in Los</u>

<u>Angeles County</u>, submitted by The Task Force on Decision—

Making and Organization, once again, as in earlier reports,

addressed the need for structural changes to enhance the way

the County manages its assets. Specifically, the Task Force report recommended that the Supervisors "consolidate in the Chief Administrative Office full responsibility for all county property management, including facility operations and capital projects." This consultant has found very little progress in line with the intent of that recommendation.

The conditions that led to recommendations for the creation of a consolidated assets management function have not changed. Fragmentation of asset related responsibilities and activities is so extensive that there is a critical absence of necessary management accountability. This is not to say that "local managers" are not being held accountable within the "local systems", but there is currently no mechanism that provides overall coordination, planning and control of the County's impressive and indispensable asset base. In fact, the political environment is such that creative asset management may be one of the County's only solutions to recurring budget deficits.

At the present time, for example, the County is faced with a potential fiscal deficit that could range between 36 million

dollars and ninety million dollars, depending on the success of a November ballot initiative. The only apparent, operable remedy is cost cutting and staff reduction. There is little evidence that anyone is focusing on the potential for enhancing income generation through aggressive and innovative management of the County's real property assets. And it is no wonder. No one is in charge. No single person is accountable.

The County operates more than four thousand facilities and over 40,000,000 square feet of space; owns and leases out the largest marina on the Pacific Coast including restaurants, hotels and shopping centers; negotiates concession agreements with countless operators; and, holds the potential for developing up to twenty major properties whose aggregate future returns to the County are projected in the billions of dollars.

Presently, the responsibility for the development of real properties, project management, facilities management, space planning and utilization, property leasing, contract administration and related functions, is fragmented among

several departments. The basic responsibility for property development is in the Asset Development Division of the CAO's Office. Project management, facilities management, space planning, and other similar functions are in the Facilities Management Department. Leasing and contract management could be anywhere, but is most often in the operating department (Marina del Rey in Beaches and Harbors, golf courses in Parks and Recreation, airports in the Aviation Division of Public Works).

This consultant believes the effective long-term development and utilization of these assets require strong coordinated planning, top management talents, the integration of programs and systems and the application of professional expertise.

The County must develop a comprehensive, strategic plan for the exploitation of assets. It needs a system of data management that will provide a central inventory of County-owned properties. The County needs to establish performance objectives, such as optimum rates of return on assets, and the planned utilization of income streams. The County must look at the present allocation of staff to the distributed asset management function and determine if it is an effective

and efficient deployment of human resources as compared to that of a consolidated function.

In its present organizational mode, decentralized asset management cannot readily achieve for the County what a well focused consolidated asset management department can achieve. It should be emphasized that this is not a reflection on the ability or dedication of any of the present managers or specialists. But the consultant does not feel they can accomplish separately what they can united.

A fragmented organization such as currently exists, is, by all odds less efficient than a properly consolidated unit. The replication of contract units, real estate units, planners, managers and supervisors, and the like, adds to the total manpower necessary to execute the function, and may even dilute professional resources. The lack of internal communication among specialists allows for the loss of learning opportunities, and the separation of experts in one unit from the problems in another increases the room for errors in judgment.

Some managers, when interviewed, expressed concern about any structural changes that might consolidate broad scale asset management into a single department. This was seen as contrary to the "trend." They cited the County-wide move toward decentralization, emphasis on entrepreneurship, and pay-for-performance programs that reinforce innovation as all being indicative of the new culture which speaks to the delegation of authority. For some reason, it was presumed that someone with asset management responsibilities in an asset management department would be less motivated than if he were part of an operating department. Likewise, a consolidated asset management department, it was assumed, would take important authority away from the operating departments and presumably put it somewhere remote from the client/user, and negatively impact the decision making process. This, it was feared, would jeopardize important relationships with lessees.

Admittedly all these things could happen; however, they would not result from structure change, but from dysfunctional attitudes. Such negative and apprehensive views obscure the improvements that could be achieved by bringing the right

group of people together, in the right environment, to do a much bigger job.

Present circumstances demand a fresh look at how the County can get the most from what it has. To be successful in the future, territorialism and the tendency to replay past failures must be replaced with a dedication to the benefits of coordinated decision making, participative planning and the necessity of mutual achievement.

In order to create the "critical mass" required to constitute an Asset Management Division that will significantly enhance return on assets, it will first be necessary to carefully review the activities and staffing of the existing separate units to determine what should be consolidated. A cursory look suggests the following as the basic core group for the new consolidated function:

- Office.
- o The Design and Construction Branch from Facilities
 Management Department.
- o The Real Property Branch from the Facilities

Management Department.

o The Revenue Properties Division from Beaches and Harbors Department.

(Other pieces could be added later as a result of experience and careful analysis.)

Some activities, by nature and results, may be determined best left as is. That is, out of the consolidated group. For example: the negotiation and administration of rental agreements for periods less than five years, may best be serviced by the operating department. The rationale here could be that such leases are more current-focused than strategic in nature. Another example is concession contracts that return less than a specified amount (say \$50,000 or \$100,000) per year which could remain the responsibility of the operating department because of economies in administration at the local level and local operational ties.

Other activities that meet particular standards, such as the criteria suggested below, would become the responsibility of the consolidated group.

o Activities that clearly represent the long-term strategic interests of the County

- o Property decisions that effect more than one operating department
- o Negotiations that involve the potential of substantial financial return
- o Complex matters that require a spectrum of coordinated decision making, or the intervention and involvement of highly skilled specialists.

Aside from the consolidation of functions, activities and the right people, there needs to be an infusion of new attitudes that will help create a more positive operating environment. This was referred to previously as a necessary "fresh look." Although this is not a matter related to structural change it is seen as an absolute mandate for management. The following are aspects of this:

- O It is essential that there be an emphasis on cooperation and participation as interactive behaviors.
- Decisions that involve properties or facilities that are of special interest to an operating department should be made with the participation of that department management.

- Operating departments should be a part of any lessee or concessionaire performance evaluation process.
- o Any long-range planning process relating to facilities should be a coordinated planning process which includes all departments at interest.

Additionally, there is a need to convey to everyone that all County assets are for the ultimate benefit of the "community of interests" not simply for the financial or strategic gain of the Assets Management Division or any single operating department.

It is particularly interesting to note that the State of California real property management functions were reviewed by the Commission on California State Government Organization and Economy several years ago. Similarities between conditions at the State level recited in the State Commission report of March 1986 and those found at the County level by this consultant are remarkable.

Under the present organizational arrangement in the County there is no universal system for tracking and accounting for County properties and contracts; assuring the application of desired business standards; coordinated planning for the use of income streams; auditing revenue performance; conducting consistent scheduled maintenance programs and allocating required funds; coordinating the pursuit of lease renewals and renegotiations; and, numerous other sound asset management practices.

The State Commission's March 1986 report to the Governor referenced the following remedies, among other points:

- o "Adopt an organization structure for State property management which establishes mechanisms designed to assure accountability of decision making...."
- o "....recommend that the Department of General
 Service create policy direction for all State
 property management by setting overall strategic
 goals....
- o "....DGS's operational plan should specify
 in measurable terms the Department's objectives in

keeping with its role in the implementation of the State's overall strategic goals for pro-active assets management..."

o "....we believe the present condition of State property management, as described in this report, may have encouraged unnecessarily high staffing ratios...."

The proposed remedies for the State system are also quite similar to those contained in this report, and ironically many have been made before.

RECOMMENDATION II

It is recommended that the Department of Beaches and Harbors be disbanded and its principal public safety and operational activity, concerned with beaches, be transferred to the Department of Parks and Recreation.

FINDING

There is no compelling organizational rationale to support the present union of Beaches and Harbors in a single

department. In fact, in the past the Department of Beaches was at one time merged with the City of Los Angeles, Santa Monica, Parks and Recreation, and the Department of Small Craft Harbors. The present two principal segments of the department are more relatable by virtue of geographic proximity than by mission. For this reason, the structure change advocated in Recommendation I, which would place the asset responsibilities for Marina del Rey in a consolidated asset management group, would have little impact on the operation of beaches.

Indeed, the Department of Beaches and Harbors describes its role as twofold: "....the planning, development, and operation of the Marina del Rey Harbor, as well as the regulation, management and protection of some 23 public beaches...." It is internally organized with these role separations clearly distinguished.

Perhaps half, or slightly more, of all departmental staff personnel are engaged in support of the mission for Harbors (actually Marina del Rey assets management). The balance of the staff personnel in the department perform general

departmental support functions or are directly involved in beach related activities. All the department's operating personnel (approximately 300 of the total 376 employees in the department) are assigned to beaches, either as lifeguards or as beach maintenance personnel.

In the same way, there is clear distinction among the roles of the three outside citizens groups that are related to the department. There is a Small Craft Harbor Commission and a Design Control Board that work with Marina interests, and the Los Angeles County Beach Advisory Committee that interfaces with the beach segment of the department. If these support groups provide worthwhile services to the County they can continue to perform their functions regardless of a split in the department, such has been recommended above.

For these reasons, the present Department of Beaches and Harbors seems easily separated into the two units (the smaller unit, related to Harbors [Marina del Rey], would become a part of a consolidated asset management function, as described in Recommendation I, and the larger, Beaches division merging with the Department of Parks and Recreation). This

structure change would also satisfy some long standing interests of the Board of Supervisors. The merging of Beaches with Parks and Recreation would accomplish three things:

1) reduce the number of department heads reporting to the Board of Supervisors, a move consistent with previously expressed wishes of the Board;
2) help realize certain staff reductions and resultant cost savings through the elimination of positions which would be redundant in the merged units, also of interest to the Board; and,
3) group like functions and activities in specialized organizational units for greater operational staffing and efficiency.

Those currently responsible for public safety and the maintenance of beaches in the Department of Beaches and Harbors should find operational relatability and the opportunity for operational enhancements upon merging with Parks and Recreation. There are, after all, numerous similarities in their activities. For example:

o Importance of public safety

- o Requirement of meeting rigid maintenance standards
- o Recreation and program interests
- o Regional characteristics of public draw
- o Service and reciprocity agreements
- o Entrepreneurial instincts

How Beaches would be merged into the Department of Parks and Recreation seems to present no particular difficulty if it is moved as a discrete unit comprised of lifeguards, the safety and sanitation division and any community services activities that might be related to beaches. On such a basis it would be viewed similar to one of the Parks and Recreation Regions. This move would be least disruptive and tend to assure cohesiveness during the period of change and adjustment, and also assure the continuance of important ongoing relationships with the 18 agencies for which the unit currently operates beaches.

Other structural alternatives are possible but less desirable. For example, as it now exists the Department of Beaches and Harbors is divided into a Beach Safety and

Sanitation Division and a Lifeguard Division. Each of these divisions has four districts or sections. On a corresponding basis, the two divisions could be divided between two of the three Park Regions and internally functionalized, that is beach maintenance units combined with parks and grounds maintenance and lifeguards merged with Parks' pool lifeguard units. But this approach would likely be far more disruptive to the employees and the operations than the one described first.

The staff functions and activities (personnel/payroll, financial and management services, some elements of planning and general office and secretarial services) which support Beaches should be merged with counterpart units of Parks and Recreation Department. The merging of these two staff groups would likely result in some personnel savings since duplicate managers and supervisors would not be required. Other synergies could be achieved through work task balancing.

It also appears that most, if not all the programs currently administered by the Department of Beaches and Harbors could be continued and successfully run under the auspices of the

combined Parks and Beaches Department. This should be true even of those programs nominally considered under the Harbors Division, such as Boating, Day in the Marina, Park Concerts,. Fourth of July Fireworks, etc.

In the interest of maintaining community relations, this recommended merger, if undertaken, should not be used as an excuse to arbitrarily relocate people who perform important community relations functions. Care should be taken to maintain all existing ties with the public and community organizations that are important to the delivery of main missions services.

RECOMMENDATION III

It is recommended that the Commission once again recommend to the Board that the Board establish and fund the position of County security program manager, which recommendation was part of the Commission report on Security Systems in Los Angeles County Government dated October 1984.

FINDINGS

The Commission's 1984 report cited the following duties of the proposed position, Security Program Manager:

- a. develop Country-wide standards for security and appropriate standards at each department and facility, with expert assistance from the Sheriff and other public and private sources;
- b. provide consultation on security to County departments and special districts;
- c. recommend budget decisions affecting security to the CAO and the Board;
- d. establish systems for the reporting and analysis of data on security which will support monitoring and decision-making; and
- e. Monitor compliance with standards and other aspects of security performance.

It is now four years later, and the recommended position has not yet been created. The closest related function is being performed by a contractor who reports four levels below the Deputy Chief Administrative Officer (Executive Director of FMD).

Most of the duties of the position listed in the Commission

report are outgrowths of perceived needs for operational change and the standardization of procedures. Many of these conditions still exist. In addition, there is a lack of County-wide coordination of security, the absence of any means of command control communication among departments, an unfortunate lack of security planning and technological standardization, and since departments still set their own priorities independent of all others, there are duplications of forces in some geographical areas while there are holes in other areas.

This consultant sees a need for the creation of the position recommended by the Commission in its 1984 report, and the placement of that position at least two echelons higher in the Facilities Management Department.

RECOMMENDATION IV

It is recommended that the CAO's present policy regarding the provision and purchasing of support services be limited to the use of such services from a central department, or the contracting out of such services.

FINDING

A squib in the September 27, 1988 FMD Newsletter says,

"In 1987, the Chief Administrative Officer implemented a new policy which permitted Departments the option of purchasing central support services (such as those provided by FMD) from the central department, providing the services themselves or contracting out for service. This placed FMD in competition with other County departments as well as private sector service providers."

In the process of interviewing departmental managers for the Joint Study, much was said about this service agreement
option. Experiences both good and bad were reported. This
consultant feels that the option is ill advised and offers at
least one too many alternatives.

This, more or less, open ended approach is anathema to any kind of reasonable manpower planning and staffing-needs, projection system. It may not be staff effective and, in fact, may lead to staff increases. Additionally, it may

trade price for quality, consistency of services and performance, and continuity of employment in any one of the three arenas made available to the user of services.

For example, in the recent past Health Services decided to assume responsibility for its own custodial services on the basis that it could meet its own needs cheaper and better. The department requested that custodial personnel be transferred from the Facilities Management Department, which had been providing those services. But the supervisory personnel were not wanted. Facilities Management was caught in a situation of not needing a supervisory group for nearly a thousand custodians who were no longer a part of the department, and not fully understanding how Health Services expected to operate a custodial staff without supervisors. Upon the urging of FMD, Health Services did finally agree to the transfer of the supervisors, too. Now, however, some months later Health Services has decided it no longer wants to be in the custodial business, and, looking at its options, has decided to contract for the services with an outside vendor. Since the County does not permit the dumping of its employees under such circumstances, Health Services asked

the vendor to take the unwanted custodians on its payroll. The vendor has no particular need for a thousand of the County's custodial force and does not want to comply with the request because it impairs the vendor's ability to perform competitively. Health Services has gone back to FMD requesting that it take the custodial workforce back, even though FMD is no longer providing the services to the hospitals for which the workforce was created in the first place.

The second option of the triad, to provide services to self, seems to this observer to be the weakest link in the system. It is generally the case that managers will tend to "grow" staff unless there are consistent constraints against it. Further, it is not unusual to find users complaining about any kind of service provided to them by others. "I could do it better myself," is a very typical response. So, when these two behavioral characteristics meet an opportunity to install an internal custodial unit, crafts department, general maintenance force, or whatever, silent prayers are answered. The manager gets to build his empire and "do it himself" at the same time.

OBSERVATIONS ON THE JOINT STUDY PROCEDURE

The Joint Organization and Process Study, frequently referred to in this report, utilized a participative process not attempted before by the Economy and Efficiency Commission.

The study team was comprised of representatives from the four departments which were taken under study. The team facilitator was this consultant.

Previous experience of this consultant, though not in a government environment, but in the private sector, has verified the viability and effectiveness of the process. The use of relatively high ranking executives and managers as team members has generally brought important knowledge and

expertise "to the table." Their release from normal duties and responsibilities by their superiors, and a charge to be free thinking and objective, without encumbrances, has produced dedicated, responsible and creative team participants.

This experiment did not produce the same results.

For one thing, the departmental representatives were never fully released from their normal duties and responsibilities. Every day, one or more of them was required to visit his or her office, conduct business over the phone, or attend meetings or conferences that conflicted with the conduct of the study and the concentration required to function effectively as a team member. One department representative served for the first week and a half and then was replaced by another person.

Department representatives felt a heavy responsibility to the integrity of their departments (generally meaning: keep them undisturbed from organizational change) and some felt a need to keep supervisors informed of the team progress and general

direction, even before any final decisions were formulated.

Frequently new ideas or suggestions for change were turned down by the team because of convictions that such innovations could never happen in this County environment. "It won't get three votes," or "You don't understand the system," was often thrown up as a reason for not going ahead with a particular idea. Equally damaging to change ideas was the replaying of old records: "that was tried in 1972 and didn't work; that organization change was instigated to take care of 'old Joe' and that's the way it goes; important positions are often filled by 'has beens' and that's why organization changes never work."

The team was effectively self-blocked when it came to any finding that might lead to a structural change recommendation. Every excuse was employed: "not enough research, findings are simply based on perceptions, this has been little more than an opinion survey, there is no concrete evidence that a problem exists, what guaranty is there that the proposed change will work any better than the present arrangement."

Yet, these were good people and every one of them worked hard during the period of the study. They deserve praise for their efforts. Each had his or her burdens substantially increased because of the need to take care of the job as well as play the participant role. They were intelligent, well educated people who not only knew their own jobs well, but understood their departments and the general operation of County government. They tried very hard, but the County culture does not seem to nurture this kind of free-wheeling participative process in which individual managers can act with independence and without any feelings of fear or reprisal.

If a specific organizational decision had been previously made, and the responsibility for making that decision was clearly placed outside the study team, the team might have been able to function more effectively. Under those circumstances, the team probably could have recommended worthwhile steps toward implementing a change and maybe even fleshed out a skeletal organization structure. But to expect them to recommend structural changes that might impact their

HRSAssociates

supervisors and fellow employees was too much to ask.

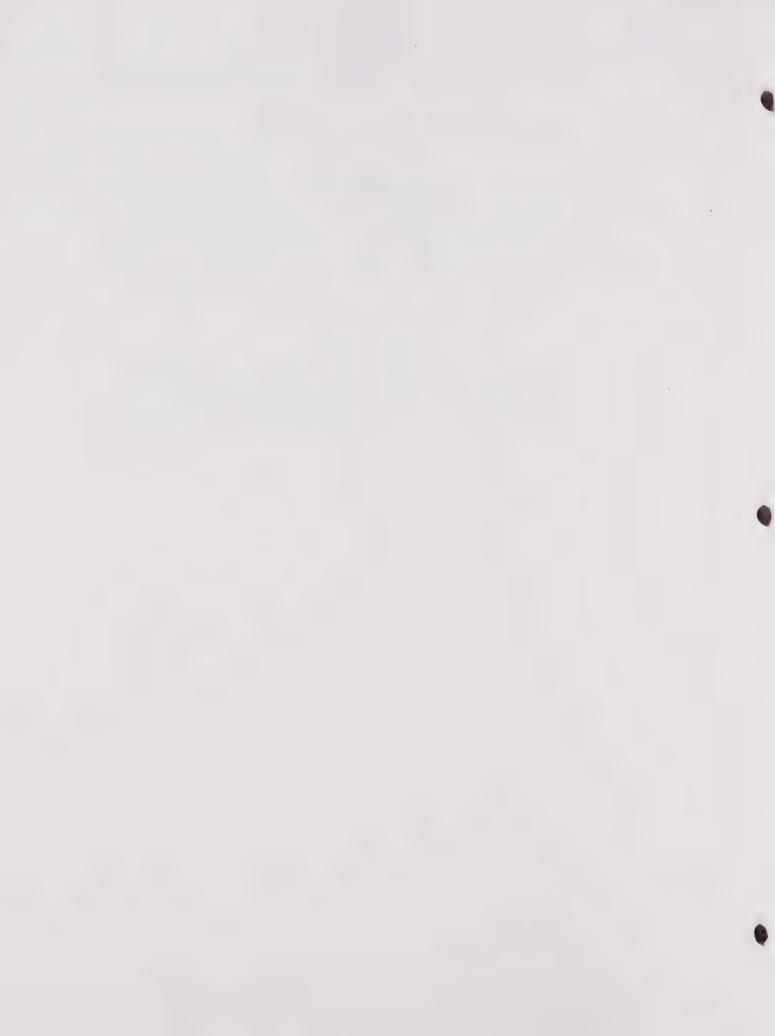
It is recommended by this consultant that such participative teams not be used again in similar assignments, if substantive recommendations are expected to result from the team effort.

ATTACHMENT IV

LETTERS FROM

DAVID BORAN, CHAIRMAN, BEACHES AND HARBORS COMMISSION

JAMES BISHOP, CHAIRMAN, PARKS AND RECREATION COMMISSION





COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

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COUNTY OF LOS ANGELES DEPARTMENT OF PARKS AND RECREATION

433 South Vermont Avenue - Los Angeles, California 90020-1975 - (213) 738-2956

James I. Okimoto . . . Acting Director

November 14, 1988

Mr. John Campbell Economy & Efficiency Commission 163 Hall of Administration 500 West Temple Street Los Angeles, CA 90012

Dear Mr. Campbell:

The Los Angeles County Park and Recreation Commission is aware that the Economy and Efficiency Commission is currently conducting a study to identify possibilities and alternatives for consolidating and/or realigning the functions of several departments. We understand that there has been some discussion and consideration of merging the Department of Parks and Recreation with other departments such as Beaches and Harbors and the Public Library, or splitting off certain functions within the department such as lifeguard services and property management for consolidation with other agencies.

The Park and Recreation Commission feels very strongly that the integrity of parks and recreation services be preserved and that the identity and capability of providing such services to the residents of Los Angeles County should not be diminished through any realignment. While arguments may be made from the standpoint of certain administrative and organizational efficiencies, we feel it is important that primary service delivery capabilities not be impaired simply for the sake of minor economies.

It is our understanding that this study is nearing completion, and that the Economy and Efficiency Commission will be forwarding its final report to the Board of Supervisors within the next few weeks. We are requesting that the Park and Recreation Commission be provided a copy of this final report when it is forwarded to the Chief Administrative Officer and the Board of Supervisors so that we may review the recommendations and address the points and issues which may be of concern to our Commission.

Mr. John Campbell November 14, 1988 Page 2

We will be happy to discuss this matter with you to share our views on any proposed changes affecting the Parks and Recreation Department as we have done with the members of the study team. Please feel free to contact me at 818/249-3713.

Thank you for your cooperation on this matter.

Sincerely yours,

ames Bishop, Chairman Los Angeles County

Park & Recreation Commission

dal



COUNTY OF LOS ANGELES

SMALL CRAFT HARBOR COMMISSION

(213) 305-9524



DAVID BORAN, CHAIRMAN WILLIAM R. PAGEN, VICE-CHAIRMAN MARK NATHANSON LOUIS ROGERS HERBERT J. STRICKSTEIN

December 6, 1988

Mr. Joe Crail, Chairman Los Angeles County Economy and Efficiency Commission Room 163, Hall of Administration 500 West Temple Los Angeles, California 90012

Dear Chairman:

As Chairman of the Small Craft Harbor Commission and an interviewee of your staff, I was provided a copy of the report Role of the Chief Administrative Officer, Structure of County Departments. I strongly oppose assigning the small craft harbor portion of the Department of Beach and Harbors to an Internal Services Department.

The Small Craft Harbor Commission was initially formed as an advisory commission to the Board of Supervisors, to help focus efforts at ensuring the success of the Marina del Rey Harbor Project. The Board of Supervisors recognized the need for a separate department to administer the Marina del Rey Harbor Project because of the maturing of the Project into a community and the need to focus unique property management expertise on maximizing the County's return on its . investment. The current financial success of the Marina del Rey Harbor Project as the County's major revenue producing asset and its attractiveness as a community prove the wisdom of the Board's action.

I must urge your opposition to assign the small craft harbor portion of Beaches and Harbors to an Internal Services Department, where there will not be the needed focus to manage the complex and often competing interests of the community, leaseholders, and County, needed to maximize the County's return on investment.

Mr. Joe Crail, Chairman December 6, 1988 Page 2

Given I received your staff's report late on Monday, December 5, I did not have sufficient time to share the report with all Commissioners. However, I believe I represent their feelings.

Very truly yours

David Boran, Chairman

Small Craft Harbor Commission

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cc: Small Craft Harbor Commission

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